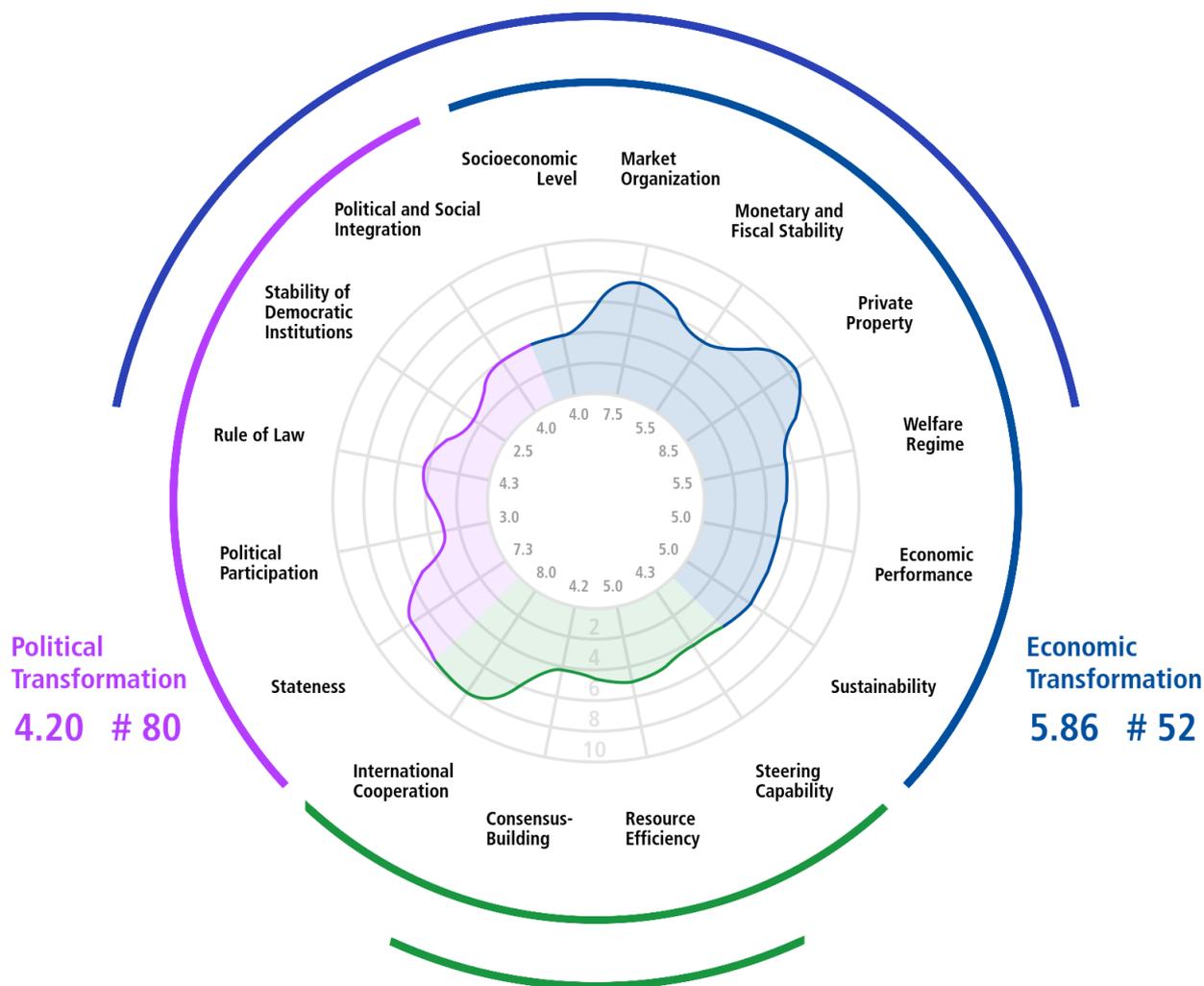


Jordan

Status Index

5.03 # 68

on 1-10 scale out of 137



Political Transformation
4.20 # 80

Economic Transformation
5.86 # 52

Governance Index

4.81 # 58

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	11.6	HDI	0.754	GDP p.c., PPP \$	10821
Pop. growth ¹	% p.a.	1.0	HDI rank of 193	100	Gini Index	33.7
Life expectancy	years	77.8	UN Education Index	0.705	Poverty ³	% 0.4
Urban population	%	92.2	Gender inequality ²	0.433	Aid per capita \$	247.8

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Jordan has stabilized over the past two years into a pattern familiar to long-term observers and analysts: The more things change, the more they stay the same. This is especially true on the macroeconomic front. Rising budget deficits (reaching 5.2% of GDP by the end of 2024) continued to dampen economic performance, while public debt ballooned during 2024. However, the kingdom's foreign reserves remained stable. The unemployment rate remained high at 21.5% at the close of 2024, demonstrating the persistence of the ongoing structural challenges in job creation that the government of new Prime Minister Jafar Hassan (in office since September 15, 2024) will need to address. Foreign direct investment (FDI) levels were below expectations, suggesting more needs to be done to make Jordan more competitive in order to attract further investment.

The Jordan 2025: A National Vision and Strategy agenda has been reformulated and extended, becoming the Jordan Economic Modernization Vision (EMV). Several strategic goals, including increasing the scope of private sector employment, have been carried over from the previous vision to the current one. The EMV focuses on sustainably improving citizens' quality of life and identifies eight drivers or sub-visions of focus.

Politically, Jordan has spent the last two years weathering another round of regional fluctuations dominated by the Syrian civil war and the repercussions of the Hamas-Israel war ongoing since October 7, 2023. Following former Syrian President Bashar al-Assad's flight from Syria in December 2024, that country now has an opportunity to usher in a new era, which in turn may moderate the volatility in the border regions between Jordan and Syria. Regarding Israel/Palestine, tensions have remained high in Jordan even after the temporary cease-fire in early 2025. This is both because of the rise of settler advocacy within Israeli politics and because the war has galvanized domestic opposition to the 1994 Wadi Araba Agreement that brought a cold peace between Israel and Jordan.

On the domestic front, the formal political system remained stable. There were no further public reports of intra-Hashemite feuding, and Bisher Khasawneh completed a full term as prime minister before being succeeded by Jafar Hassan in 2024. Innovation occurred with the 2024 legislative elections, which were held according to new laws on elections (Law No. 4 of 2022) and political parties (No. 7 of 2022). The new elections law introduced several key changes. First, the minimum age for parliamentary membership was lowered to 25 years, encouraging greater youth participation. Second, the Independent Elections Commission (IEC) was empowered to oversee the creation and maintenance of political parties. Third, the number of parliamentary seats reserved for women increased from 15 to 18. The quota for Christians was reduced from nine to seven seats, and the Chechen/Circassian minorities saw their seat quota decrease from three to two. A fourth change was the creation of local and national districts, with parliamentary seats allocated to each.

History and Characteristics of Transformation

Established in 1921 as the Emirate of Transjordan by the British, and subsequently ruled by Emir Abdullah I, Jordan became an independent state in 1946. Under the terms of the Treaty of London (1946), British army officers continued to control the Jordanian military until 1956, when they were expelled by King Hussein. The constitution, first promulgated in 1952, categorizes the Jordanian Hashemite Kingdom (Jordan) as a constitutional monarchy. However, unlike in most other constitutional monarchies, Jordan's king heads the executive, and thus both reigns and rules.

Following the establishment of Israel in 1948, hundreds of thousands of Palestinians were displaced across the Jordan River into Jordanian territory in what is known by Palestinians as "Nakba," the Arabic word for catastrophe. These refugees were granted citizenship by King Abdullah I. Today, their descendants make up the majority of the kingdom's population. Estimates place the population ratio at about 60% Palestinian origin compared to 40% East Bank origin. Additionally, from 1948 to 1967, the West Bank was formally part of Jordan. The ongoing Israeli occupation and Jordanian administrative disengagement from the West Bank in 1988 notwithstanding, the Hashemite monarchs remain the custodians of Muslim and Christian holy sites in Jerusalem. The relationship between Jordanians and Palestinians is therefore both intimate and complicated.

The kingdom experienced its first and, to this day, most vibrant democratic opening between 1952 and 1957. Elections in 1956 were contested by multiple parties, with the National Socialist Party (al-Hizb al-Watani al-Ishtiraki) becoming the largest party in parliament. Its head, Suleiman al-Nabulsi, was appointed prime minister by King Hussein. In the wake of an alleged coup and foreign interference instigated by Egypt's new leader Gamal Abd al-Nasser, Hussein dissolved the government and parliament and declared martial law in 1958. This state of affairs lasted until 1989, when parliamentary life was reinitiated.

After King Abdullah II's ascension to the throne in 1999 following the death of Hussein, Jordan witnessed accelerated liberalization as domestic markets were further opened to global competition. Macroeconomic reform has been central to King Abdullah II's reform efforts, and GDP growth has trended upward despite regional geopolitical tensions. The Central Bank of Jordan (CBJ) is stable and respected, and the kingdom has made strides in energy diversification, with plans for 50% of energy consumption to be drawn from renewable production by 2033.

As in other parts of the world across regime types, the "War on Terror" beginning in 2001 was used to justify increased repression and surveillance of political opposition. This strengthened an already centralized decision-making process. Despite significant discussion about expanding democratization in Jordan, few powers have been devolved from the center, and the monarch remains the undisputed political anchor. The king appoints the prime minister, the Senate, judges, the head of the General Intelligence Directorate (GID), the army's chief of staff, the head of the Shariah Judicial Council, the chief justice and the royal court (al-diwan) chief.

The COVID-19 pandemic had a significant effect on Jordan's economy, leading to a collapse in the number of tourists visiting the kingdom. Civil liberties were also curtailed to enforce lockdowns, with a National Defense Law enacted in March 2020 and not wound back until May 2023. In 2021, the kingdom embarked on its latest round of top-down political reform, with the Royal Committee to Modernize the Political System presenting its report to the king in October of that year. This reform initiative, chaired by former Prime Minister Samir al-Rifai, marked the fourth time in 30 years that the Crown had led and directed a democratization agenda for the country. However, the king still unilaterally appointed Prime Minister Jafar Hassan without reference to the existing parliamentary majorities.

Jordan remains an essential refugee host nation in the region, with refugees from Iraq, Palestine, Syria and, to a lesser degree, Yemen now long-term residents in the kingdom.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

In principle, the Jordanian state's monopoly on the use of force extends across the entire kingdom. There are no subnational armed forces capable of challenging the Jordanian military. However, areas of incomplete control do exist along the northern and eastern borders with Syria and Iraq, where surveillance is difficult and costly. Changes to the regime in Syria will foreseeably allow the reconsolidation of state control on both sides of the frontier. Individuals on both sides of the border exploit this periodically to carry out smuggling activities. Narcotics, Captagon and cigarette trafficking remain lucrative. In the Jordan Valley, likewise, areas outside the state's control exist under the protection of prominent families and extended clan networks. These are known to state authorities. The southeastern borders with Saudi Arabia are similar. Tribal connections on both sides of these borders can also facilitate border exploitation.

Beyond domestic actors, foreign agents and governments have attacked Jordanian sovereignty in recent years. The Tower 22 drone attack in January 2024, which resulted in the deaths of three American soldiers, is one example. Two individuals, an Iranian and a dual U.S.-Iranian citizen, have been arrested in response to the attack. Another case also involved Iran. During the course of Israel's war on Hamas from October 7, 2023, onward, Iran targeted Israel with a much-publicized volley of rockets (about 180 in total). These rockets entered Jordanian airspace en route to their targets. Jordan's Public Security Directorate confirmed that a number of missiles and drones heading for Israel were intercepted and destroyed. The intervention was justified on the basis of defending sovereignty but was criticized by some local actors who accused the government of defending Israel. Both cases illustrate that Jordan's geographical position as well as its foreign alliances and alignment render it vulnerable to violations of its territory.

Question
Score

Monopoly on the
use of force

8

'06 '26 10

8 7 8

1

The nation-state is accepted as legitimate, as is its Hashemite monarchical character. Citizenship is understood as a public good and is considered desirable. However, the substance of citizenship (rights versus expected duties) is contested. Rights afforded to citizens by the constitution are not applied consistently in practice.

Citizenship remains patrilineal, which discriminates against Jordanian women by preventing mothers from passing citizenship to their children. This issue becomes especially problematic when the fathers are not Jordanian. In such cases, the state registers children as non-Jordanian despite their birth and residence in the kingdom. Since 2008, a campaign has sought to change both the constitution and the nationality law (Law 6-1954) to allow Jordanian mothers to pass their citizenship to more than 355,000 effectively stateless Jordanians.

Furthermore, there are few pathways to citizenship for long-term guest residents including Domari, refugees and asylum-seekers from Gaza (post-1967) and Yemen. These residents receive privileges from the state that can be rescinded at any time, making these populations among the most vulnerable in the kingdom.

The country's political institutions and legal order are informed by and in some cases limited by religious norms present in Jordanian society. For example, one requirement to be king is that the individual must be Muslim. The Hashemite monarchs also claim descent from Islam's Prophet Muhammad, and this forms one pillar of their legitimacy to rule.

Although no laws explicitly outlaw same-sex relations, religious norms do not support the creation of laws to protect such relations or the individuals involved. Day-to-day operations of institutions including governorate councils and the national parliament are not defined by religious dogmas. Political parties cannot be established on a discriminatory basis, with Article 5/B of the Law of Political Parties 2015 specifically citing religion, sect, gender, origin, ethnicity and factional identity in this regard. Outside of personal status, which is the prerogative of religious courts, the kingdom's legal order combines traditions from the Shariah, English Common Law and international precedent. Accordingly, there is no secular civil status, and secular marriages or unions are not recognized.

Article 223 of the Personal Status Law grants fathers wilaya (legal custody) over their children, while mothers receive hadhana (physical care) rights. This biases custody decisions toward fathers in the event of divorce.

State identity

7



No interference of religious dogmas

6



Basic infrastructure is provided by the Jordanian state, and there have been some major improvements in recent years, including upgrades to the Amman-Aqaba highway and improved regulations to encourage the use of green energy (especially solar). Furthermore, in September 2024, Jordan and the United Arab Emirates (UAE) signed a \$2.3 billion development agreement to expand railway connections linking the Port of Aqaba with the Shidiyah and Ghor al-Safi potash and phosphate mines. This project is due to be operational by 2030.

Water is a critical resource in Jordan, which is the second-most water-scarce country in the world. More than 98% of Jordan's population has access to a water source; however, this share decreases to 83.2% in the case of safely managed access, according to World Bank statistics. Meanwhile, 86% of the population has direct access to water from a piped network. This indicates the pressure on the kingdom's aging water infrastructure. Many communities rely on potable water delivered inefficiently to residential tanks via trucks. The sewage network is also a problematic issue, with some neighborhoods in the capital Amman lacking service.

Income tax is progressive and arranged in six income brackets. A rate of 5% is applied to the first 5,000 Jordanian dinars, increasing by 5% for each subsequent 5,000 dinars until reaching 20,000. Individuals with incomes between 20,000 and 1,000,000 dinars are charged a rate of 25%, which increases to 30% for income beyond this level. However, questions remain as to whether this tax revenue is used effectively. Many Jordanians express skepticism with regard to the government's expenditure choices, claiming they do not see the benefits of their tax payments in their areas of residence.

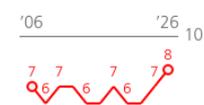
Regarding the administration of education, Jordan's illiteracy rate fell to 5% in 2023, according to the Department of Statistics (DoS). Approximately 97% of Jordanian children are enrolled in school. Both figures indicate the broad reach of the formal education system. However, class, disability, citizenship, residency or refugee status, and gender continue to sustain disparities in opportunity and outcomes. For example, the DoS reported in 2024 that the illiteracy rate among men was 2.5%, while the comparable rate among women was more than double that, at 7.4%.

2 | Political Participation

General elections for the national parliament (Majlis al-Nuwab) have occurred regularly this century (in 2024, 2020, 2016, 2013, 2010, 2007 and 2003). Universal suffrage is in place. Parliamentarians are elected by secret ballot, and Jordan is home to a plethora of political parties. At the most recent elections held on September 10, 2024, more than 50 parties fielded candidates. The extent to which these parties have detailed policy platforms is limited, however, a factor that was on full display during the 2024 election campaign, during which events centered on individual candidates and slogans more than on clearly articulated policy agendas. This is unsurprising in that differences between parties and the ability to have candidates elected depend

Basic administration

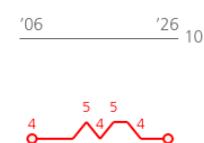
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Free and fair elections

4



1

more on the personalities of individuals than on the programs, infrastructure, reach or appeal of the parties themselves. Only the Islamic Action Front (IAF) can claim to possess national reach and appeal – a fact demonstrated in their election result of 31 out of 138 parliamentary seats, which was the highest such total of any party.

Appointees to political posts owe more to royal patronage than to electoral outcomes. The government sits outside parliament, so there is no requirement that members of parliament be selected as cabinet members. The king is constitutionally responsible for appointing a prime minister, theoretically in consultation with parliament, although there are no institutional checks to ensure this happens. The prime minister nominates a cabinet, whose members are vetted by the state security service (GID) before receiving royal approval.

Elections are overseen by the Independent Election Commission (IEC). The IEC is allowed adequate operational freedom, and its observations on electoral impartiality and processes are corroborated by international observers. All Jordanian nationals 18 years and over are eligible to vote. Voting is noncompulsory, and eligible voters register before the election. Voter registration is managed by the IEC. Candidates seeking to participate in the last election were required to register by August 8, 2024 – a little more than a month before polling day.

A survey conducted by the Kafaah Center for Performance Indicators found that 89.4% of voters were satisfied with the way the 2024 elections were conducted. Islamists, however, reported some harassment prior to election day.

The IEC has regularly improved and streamlined polling procedures. For example, the Kafaah Center’s report highlighted IEC compliance with global performance standards, including the U.N. Declaration of Principles for International Election Observation of 2005. According to the report, the IEC scored 9 points out of 10 in the area of result verification, 7.2 out of 10 for efficiency in complaint resolution, 8.3 out of 10 for accuracy of information, and 10 out of 10 for compliance with relevant data protection laws. In summary, the new electoral framework is an improvement, but the extent to which it can produce enhanced democratic outcomes remains to be seen.

Democratically elected representatives do not have effective power to govern. Neither policy agendas nor governments themselves are shaped directly by electoral outcomes. The king retains veto powers and the freedom of action without checks from elected officials. He appoints the Senate (Majlis al-’Ayān), the prime minister, the army’s chief of staff, the operating chief of the GID, the head of the Shariah Judicial Council and the grand mufti of the kingdom, the chief justice, and the royal court chief. Thus, significant governance trajectories are institutionally closed to democratic actors.

Effective power to govern

2

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2 _____ 1

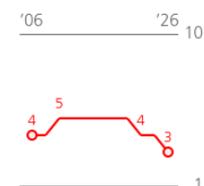
Jordan's 1952 constitution guarantees the freedoms of association and assembly for all Jordanians "within the limits of the law" (Article 16), and there are many civic and political organizations operating in the kingdom. However, the extent to which groups can operate without interference from state security and self-censorship is limited. All non-governmental organizations must be registered with the ministry that most closely aligns with the activities and functions of the organization in question. For example, before its liquidation in 2020, the Teachers' Syndicate was registered with the Ministry of Education. This registration process can be used by security and police officials to prevent organizations from engaging in political activism, by arguing that such activity exists outside the legal ambit of an organization's registration. Thus, one of the accusations brought against leaders of the former Teachers' Syndicate was that they engaged in illegal political acts.

Additionally, vague definitions in the Penal Code and the Crime Prevention Law are used to justify arrests of civil society activists. After October 7, 2023, authorities in Jordan arrested and detained more than 1,500 people at demonstrations and protests supporting Palestinian rights. The regime is concerned that citizen activism in support of Palestinians could evolve into substantial calls for change in the kingdom's international policy, specifically its peace treaty with Israel. Policymaking is kept largely in the corridors of power at a distance from the street, thereby reducing the efficacy of advocacy groups in general and policy accountability to the people in particular.

The freedom of expression faces the same limitations as the freedom of association, in that while it is protected in the constitution, its implementation is determined by legislation. Views expressed by citizens or organizations may "not go beyond the limits of the law" (Article 15). Although the domestic media landscape, both traditional and social, is quite diverse, free expression is restricted by numerous laws. For example, in 2023, parliament approved a new cybercrimes law that introduced severe penalties for vaguely defined offenses, including "provoking strife" and "contempt for religions." In 2024, Amnesty International reported that 15 individual cases had been prosecuted under the cybercrimes law. To avoid legal trouble, it has become standard practice for journalists and, increasingly, for social media content makers to engage in self-censorship.

Association / assembly rights

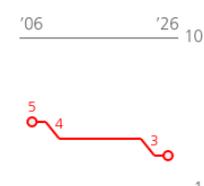
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1

Freedom of expression

3



1

3 | Rule of Law

The constitution establishes a de jure separation of powers between the executive, legislative and judicial branches of government. There is some blurring of these roles between the executive and the legislature, as the constitution operates on the principle of cooperation between the two in the promulgation of laws. For example, the executive (in the form of the government) can propose and submit draft laws to parliament for consideration. The parliament, for its part, has the right to amend or reject a draft bill and additionally has the constitutional authority to question ministers. However, this authority has rarely been used to create a culture of accountability. Jordanian parliaments have thus been criticized by international observers for their tendency to rubber-stamp executive actions.

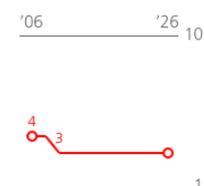
Jordan's judiciary is independent in its day-to-day operations (as per Article 97 of the constitution), and courts pursue their own reasoning free from institutional interference. The legal system is divided into three main categories: religious, civil and special courts (including military courts and the State Security Court). Religious courts handle matters related to personal status. There are five types of civil courts: magistrates courts, courts of first instance, major felonies courts, courts of appeal and the Court of Cassation (Supreme Court). All cases are adjudicated by judges, as there are no juries in the Jordanian legal system. Judges are appointed by the Judicial Council and approved by the monarch before they begin their duties.

Although tribal customary law was abolished in 1976, the case of the Bani Hassan tribe versus the Hajjaj clan in 2023 indicates its persistence in the kingdom. As one employee of the Ministry of Interior reflected, "Tribal justice walks side by side with the law."

Regarding legal education, law schools have existed in Jordanian universities since the 1940s. Reform remains necessary to better prepare graduates for work in the legal profession. Each law school develops its own curriculum, and there is evidence of curriculum borrowing between schools. Legal research and writing courses in both Arabic and English are relatively new, despite these topics' importance in the course of daily legal work. Theoretical approaches are favored over practical orientation. In practice, this means that negotiation, interviewing and in-court "mock trials" are not taught holistically across all programs. As a result, graduates are forced to learn the practice of their craft in the course of their employment.

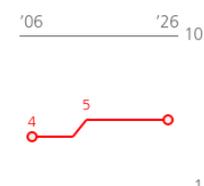
Separation of powers

3



Independent judiciary

5



Prosecution of officeholders who have abused their positions is not conducted consistently, and there are allegations that some investigations, though not all, are opened for political reasons. In 2024, allegations emerged that Abed Elah al-Majali, a former public servant who was jailed for one year for speech offenses associated with an allegation of corruption by USAID in Jordan, had been tortured and sexually assaulted while in custody. At the time of writing, there has been no government investigation of these claims.

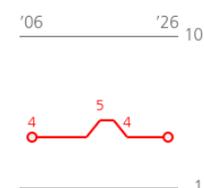
Meanwhile, in January 2025, the Zarqa Criminal Court sentenced Salem al-Falahat, secretary-general of the now-dissolved Partnership Salvation Party, to five years in jail. Members of the party had complained that al-Falahat had forged membership documentation. Also in January 2025, the Amman Court of Appeals acquitted al-Falahat in a parallel case that had been heard at the Amman Criminal Court.

Civil rights are protected by the constitution in principle, although their practical application is determined by legislation. The civil space in Jordan has been shrinking again since October 7, 2023. This reflects official concern with the potential of the Hamas-Israel conflict to disrupt social relations in the kingdom. A punitive cybercrimes law, combined with arrests of activists, demonstrators and pro-Palestinian protesters, has chilled the civil rights climate in Jordan. This has unfolded against the backdrop of Jordan having ratified 204 of the 279 recommendations made in the Universal Periodic Review of Human Rights in 2024, according to the Human Rights Department under the prime minister's office. However, in its 2024 report, Human Rights Watch (HRW) noted concern over the language used in legislation, asserting in relation to the cybercrimes law, for example, that "such language falls short of meeting international legal standards for clear and precise legislation, making it difficult for individuals to understand and adhere to the law."

In July 2024, well-known journalist Ahmad Hassan al-Zoubi was arrested and sentenced to a year in jail for a Facebook post criticizing Jordanian authorities. On January 16, 2025, the remainder of his sentence was commuted to community service and he was released from jail. The case illustrates how the cybercrimes law is used to disincentivize criticism.

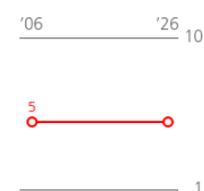
Prosecution of office abuse

4



Civil rights

5



4 | Stability of Democratic Institutions

Jordan is a constitutional monarchy with democratic institutions operating at all levels of the state, including the local (municipal councils), regional (governorate councils) and national levels (bicameral parliament). Elections occur in all cases to determine the composition of the councils and the parliament's lower house. The parliament is not an institution of government decision-making. Although parliament's committees oversee the decision-makers, they appear ineffective in diverting decisions or exerting strong influence on decision-making.

Regarding the professionalism of public administration, differences exist from ministry to ministry. Some departments, such as the Department of Statistics (DoS), offer very positive examples of improved output and professionalism. In 2023, DoS partnered with Statistics Denmark in a twinning project aimed at enhancing DoS capabilities for compiling, analyzing and reporting statistical data in line with international and European best practices. To date, the response from DoS has been overwhelmingly positive.

In contrast, there are significant gaps in competencies in other areas such as municipalities. In part, this is a result of the persistent centralization of decision-making. Municipalities are not responsible for taxation or utilities, which limits the practical value of decentralization as a democratic empowering mechanism. It also restricts administrators' ability to improve efficiency.

The majority of relevant actors and institutions in Jordan support democracy and the kingdom's democratization trajectory, at least discursively. The most recent Royal Committee to Modernize the Political System, chaired by former Prime Minister Samir al-Rifai, illustrates this. The committee brought together representatives from across Jordan to develop a future roadmap under the auspices of King Abdullah II. However, legitimate questions can be raised with regard to the level of support democracy would continue to have in Jordan if democratic forces were able to take control of decision-making and divert privileges away from established recipients. As it stands, the managed democratization process draws broad support, and there are no direct challenges to the king's leadership role in the reform process.

Performance of democratic institutions

2

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Commitment to democratic institutions

3

'06 '26 10



5 | Political and Social Integration

Clientelism plays an important role in the country’s party system. With the exception of the Islamic Action Front (IAF), the party of the now-defunct Jordanian Muslim Brotherhood, political parties and their activities center around specific individuals rather than impersonal party platforms. As a result, a party’s electoral success and longevity rely on personalized sociopolitical networks. Numerous recent examples attest to this, including Rola al-Hroob’s Stronger Jordan party and the initial popularity of the National Congress Party, which separated from the IAF. In general, parties are not rooted in the community as civil society actors. As a consequence, parties struggle to develop policy agendas and electoral constituencies.

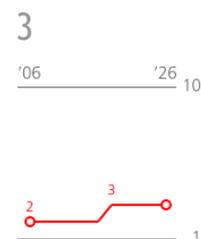
The new electoral law of 2024 introduced a “national district” for the first time, in which parties competed for 41 parliamentary seats in a closed-list proportional system (CLPR), meaning that competition is between parties rather than individual candidates. If sustained across successive electoral cycles, this will help strengthen party structures and memberships. The winning IAF secured a majority of its seats – 17 of its total of 31 – through the national list, demonstrating the party’s reach across the kingdom. Other parties, such as Stronger Jordan and al-Mithaq al-Watani, failed to acquire substantial parliamentary footholds. Results of this nature show that neither a quantitative nor a qualitative transformation of the electoral and parliamentary landscape has yet taken place.

The 2024 parliamentary election results indicate that Jordan’s political structures may be shifting, albeit at a glacial pace, toward greater inclusion and institutionalization of social interests. However, the civil society environment remains tightly monitored and state intervention remains common. Be that as it may, Jordan’s civil society has been historically diverse, including labor syndicates, agricultural collectives, heritage societies, sports clubs and religious associations. Many of these are well organized, as attested by the presence of contested internal elections to boards and committees.

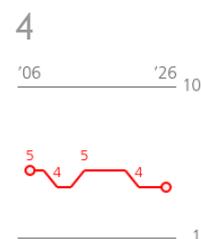
Among the largest and most influential of these associations are the so-called royal NGOs that enjoy royal patronage. Their association with the monarchy enables them to attract greater funding from both domestic and international sources.

The ability of all of these groups to mediate between society and the political system is limited for several reasons. First, sustained cooperation among organizations in pursuit of political goals or advocacy is rare, with civil society having more of a mosaic-like character than a national outlook. Second, existing laws surrounding political participation make it difficult to change this situation. Third, the intervention of state security personnel has a chilling effect on political advocacy. Amnesty International reported that 1,500 demonstrators were arrested between October 2023 and April 2024. In November 2024, the United Nations Committee against Torture warned Jordan that it needed to do more to implement its obligations under the Convention against Torture.

Party system



Interest groups



Levels of support for democracy in Jordan remain high. In the Arab Barometer VIII survey, whose findings were published in 2024, 84% of respondents agreed that democracy was better than other systems of government. Concern exists in Jordanian society about the capacity of democratic governments to facilitate economic improvement and maintain stability and order. Forty-six percent of respondents said they did not think democracy was effective in addressing these issues. Furthermore, there is not much consensus on how democracy can best be implemented in Jordan. The same report noted that when asked whether a parliamentary system with competitive parties was “very suitable” for Jordan, just over half (51%) responded in the affirmative. More work is needed to build trust between citizens and institutions.



Social capital indicators in Jordan point in contrasting directions. On one hand, Jordanians place the most trust in their immediate family, more so than with regard to friends, neighbors, wider clan affiliates or work colleagues. On the other hand, numerous voluntary and autonomous cultural, environmental and social associations exist, demonstrating that sufficient social capital exists to create and maintain such organizations. In every city, sports clubs, religious associations and community groups can be found. Apart from the royal NGOs, cultural organizations include forums such as the Azraq Cultural Forum and the Riwaq Jerash Association for Culture and Heritage. Environmental groups also exist, often associated with towns and specific preserves, including the Environmental Protection Society in Fuheis.



II. Economic Transformation

6 | Level of Socioeconomic Development

Jordan is classified in the UNDP’s 2022 Human Development Index as having “high” human development, with a score of 0.736. From one perspective, the kingdom is able to provide its citizens with a decent standard of living, healthy life and access to knowledge. However, this conceals substantial concerns. Jordan’s HDI rank of 99 out of 193 countries places it in the lower midrange of assessed states, and it has not made substantial progress since 2012, when it was ranked 90th.



Moreover, the UNDP’s 2022 Gender Equality Index, which assesses women’s access to reproductive health, their empowerment and their inclusion in the labor market, places Jordan in the middle ranks with a score of 0.499. Local and international NGOs and advocacy groups, including the Jordan Strategy Forum, have persistently expressed concerns that although female students in Jordan are often among the top university performers, they struggle to find employment afterward. This in turn contributes to the percentage loss to human development due to several cultural factors and inequality, which in 2022 was recorded at 16.4%.

The COVID-19 pandemic still casts a shadow over Jordan's economic recovery. Two World Bank figures, the Gini index score (33.7) and per capita poverty rate (0.4%), have not been updated since 2010. Other sources from 2019 show an improvement in the Gini index score, to 48.4. Significantly, this data was collected before the onset of the COVID-19 pandemic. Concerning poverty, the American Near East Refugee Aid (ANERA) organization reported an overall poverty rate of 16% in 2024, rising to 80% for Syrian refugees.

Taken together, the statistics indicate that social disparities and class divisions are increasing rather than decreasing.

Economic indicators		2021	2022	2023	2024
GDP	\$ M	46296.1	48765.0	51088.5	53352.3
GDP growth	%	3.7	2.6	2.9	2.5
Inflation (CPI)	%	1.3	4.2	2.1	1.6
Unemployment	%	19.8	18.2	18.0	18.0
Foreign direct investment	% of GDP	1.3	2.0	3.9	3.1
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-3717.6	-3955.9	-1827.3	-3126.5
Public debt	% of GDP	87.6	88.6	89.0	90.2
External debt	\$ M	41757.2	41228.3	44629.8	-
Total debt service	\$ M	3131.8	4606.6	3886.5	-
Net lending/borrowing	% of GDP	-5.3	-4.5	-5.1	-
Tax revenue	% of GDP	17.1	17.5	17.0	-
Government consumption	% of GDP	15.8	-	-	-
Public education spending	% of GDP	3.1	3.2	3.5	-
Public health spending	% of GDP	2.6	2.5	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	4.8	4.9	4.9	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Jordan is one of the smaller markets in the Middle East and North Africa (MENA) region. Furthermore, it relies substantially on imports to meet domestic needs. In 2022, for example, Jordan imported goods and services worth \$27.3 billion, and in contrast exported goods and services valued at \$12.4 billion.

Domestic price sensitivity remains a persistent barrier to competition and investment, with subsidies to industries and state-owned enterprises still in existence. This contributes to price distortions and a form of discrimination against foreign and some local enterprises. Jordanians for decades have complained and demonstrated against the high cost of living in the kingdom, a circumstance that successive governments have used to justify market interventions. In 2022, the percentage of the labor force classified as informal by the International Labour Organization (ILO) was 53.2%, and few indicators since suggest that this has decreased. This is not a new phenomenon, suggesting that its causes include an inefficient application of current regulations combined with a history of ineffective institutional economic policy frameworks.

Minimum start-up capital requirements refer to the amount that an individual opening a business needs to deposit in a bank or with a notary before registration can proceed. This capital may need to be retained for up to three months following incorporation. The costs vary depending on the type of business being registered. For individual establishments, the cost was reduced from JOD 1,000 to JOD 1 in 2012. This change has made starting a business much easier. Customs clearance procedures have also been streamlined. In October 2024, Jordan signed a tender agreement with APM Terminals to upgrade the Aqaba terminal port. A total of \$242 million will be invested to increase the facility's capacity to 1.7 million containers per annum. The upgrade will make it easier for companies to import materials.

Jordan's Competition Law (No.33/2004) has been active since 2004, and the Competition Directorate is the administrative body responsible for enforcing it. In 2023, the parliament approved several amendments aimed at further protecting competition and deterring monopolistic practices. The parliament also approved the reestablishment of the Competition Committee at the Ministry of Industry, Trade and Supply. However, this entity operates only as an advisory body, so its influence on improving the competition environment remains to be seen.

Market
organization

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Competition policy

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Jordan is a member of the WTO, the Greater Arab Free Trade Area (GAFTA) and the Agadir Agreement. Under the terms of the WTO's Trade Facilitation Agreement, Jordan has not yet notified the WTO regarding its implementation of Article 10.6.2 on the use of customs brokers (due February 2017) or Article 12.2.2 on contact points for customs cooperation (due February 2017). This does not necessarily mean that the amendments have not been made – rather, it illustrates that reporting needs improvement.

Jordan also has a range of bilateral agreements, including with regional partners (Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Morocco, the Palestinian Authority, Sudan, Syria, Tunisia and the UAE) and international partners (European Union, United States, Singapore and Canada).

Despite this openness to foreign trade relations, doing business in Jordan can be more difficult than in neighboring countries, geopolitical instability notwithstanding. The path to greater liberalization has been hindered by frequent turnovers among senior government officials, sudden amendments to legislation and a slow bureaucratic culture.

The most recent WTO data (2023) on the country's applied most-favored nation (MFN) tariff rates are as follows: the applied MFN simple average rate is 4.0%, while the applied MFN trade-weighted average rate is 3.8%. These compare with the simple average final bound tariff rate of 16.2%. In November 2024, the government announced that subsidies on gas cylinders and bread would remain unchanged in 2025.

Jordan's banking sector is stable and characterized by a culture of caution regarding loans and investments. More than 25 banks operate in the kingdom, and the sector is overseen by the Central Bank of Jordan (CBJ). There is a stock exchange in Amman, which in 2017 became the state-owned ASE Company. The latest data from the World Bank (2022) notes that non-performing loans constitute 6.3% of the sector's overall portfolio, and the capital-to-assets ratio was 9.7%. Under Basel II regulations, the minimum ratio of capital to risk-weighted assets is 8%, with the figure rising to 10.5% under Basel III.

Surveys of banking managers by researchers at al-Bayt and Jerash universities in 2024 found that stakeholders within the banking sector have a high level of knowledge of Basel III provisions. Moreover, the same data showed that Jordanian banks are prepared to implement all Basel III requirements. The CBJ has provided guides and instructions for corporate governance consistent with Basel III. As in the past, liquidity remains a challenge for some banks; however, economists are optimistic that the five-year implementation window for Basel III will be sufficient for Jordanian banks to meet requirements in this area.

Liberalization of foreign trade

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Banking system

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8 | Monetary and fiscal stability

The Jordanian dinar is pegged to the U.S. dollar, so there is no real effective exchange rate. In general, \$1 buys 0.7 dinars. This has been the case since 1995 under the terms of the IMF's Special Drawing Rights (SDR). Pegging the dinar to the dollar has helped ensure the currency's stable value across several decades. The trade-off for this exchange stability is that the central bank must implement interest rate shifts in relative alignment with the United States Federal Reserve. Thus, the CBJ has to devise policy in accordance both with local and foreign monetary conditions. It is nevertheless an independent and respected institution.

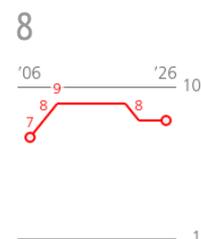
The World Bank reported in 2023 that the inflation rate (based on the Consumer Price Index, or CPI) reached 2.1%. Since then, local calculations have recorded increases in overall inflation, with some additional deflationary forces. Jordan's Department of Statistics reported in November 2024 that the CPI had increased 1.54% since the beginning of the year. Personal accessories, utilities (water and sewage services), professional association fees, rental costs and tobacco products were the leading contributors to inflationary pressure. In contrast, furniture, carpeting, fruit, clothing prices and, significantly, energy costs all fell in 2024.

Jordan has faced conditions of fiscal instability since at least the 1980s. Successive governments have failed to implement stable budgetary policy, and the difficult but necessary task of structural reform has been avoided. Despite its reluctance to pursue reform, the state remains a central pillar of the Jordanian economy. According to the World Bank, government consumption amounted to 15.8% of GDP in 2021, and spending has not declined significantly in the intervening years, thus increasing overall government debt. The budget deficit reached 5.5% of GDP in 2024.

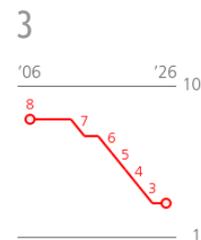
In 2022, World Bank records showed that the sum of repayments and interest paid on the kingdom's long-term debt (total debt service) was \$4.59 billion. The statistics indicate a fragile state of affairs. In 2022, the World Bank recorded Jordan's current account balance as being in negative territory at -\$4.2 billion. External debt meanwhile reached \$41.2 billion, and total public debt in 2023 was reported by the IMF as constituting 92.8% of GDP. Net lending (+) / borrowing (-) remains in negative territory at -4.5% of GDP. However, this is an improvement over the -7.0% recorded in 2020. The current value of total reserves was reportedly \$14.0 billion in 2016.

Considering these figures, in January 2024 Jordan secured a four-year Extended Fund Facility with the IMF to replace the earlier program. The facility will assist in sustaining macroeconomic stability in the short term, but must be utilized prudently to maximize sustainable growth.

Monetary stability



Fiscal stability



9 | Private Property

Private property is protected in Jordan, with protections enshrined in Article 11 of the constitution. It is illegal to expropriate privately held property unless fair compensation is paid and/or there is a clear public interest. Moreover, because Jordan is a member of the WTO, foreign investors and property holders with possessions in the country are able to obtain external adjudication when required. Further, Jordan has signed the Paris Convention for the Protection of Industrial Property and is a member of the World Intellectual Property Organization. Its protections are in line with international practices. No land sales or purchases can be made without approval from the Department of Lands and Survey (DLS). There are exceptions concerning the Jordan Valley Authority (JVA) and the Aqaba Special Economic Zone Authority (ASEZA), but these do not make up a majority of cases.

On a comparative scale, Jordan was ranked 7th overall in the MENA region (15 countries) and 46th out of 125 countries globally in the 2024 International Property Rights Index (IPRI) report. Its regional ranking was unchanged from the previous report, while its global ranking has dropped from a previous position of 43rd place. This decline is not due to worsening private property conditions in the kingdom, but rather to the country's global competition improving at a faster rate.

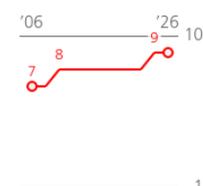
Private enterprise is protected and encouraged in Jordan. Since his ascension in 1999, King Abdullah II has been vocal in positioning the private sector as the economic engine of the country and the future of growth and employment. Nevertheless, Jordan faces substantial challenges including high unemployment rates, resource scarcity, substantial fiscal imbalances and an inflated public sector.

Recent amendments to the Law on Public-Private Partnerships were approved by the government in March 2024, following changes in 2020. The latest amendments aim to enhance service provision by creating an effective institutional framework to maintain procedures in line with good governance principles.

There are several organizations that assist local private sector entrepreneurs. Insaf is a national coalition focused on advocating for improved access to finance for micro, small and medium-sized enterprises (MSMEs) developed and run by women. Sawtouna is another coalition that advocates for improvements in the SME environment; it contributed to the development of the Ministry of Planning and International Cooperation's Jordan 2025 National Vision and Strategy.

Property rights

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Private enterprise

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10 | Welfare Regime

Social safety net providers in Jordan include local and international organizations that operate in the absence of a comprehensive universal welfare model. The National Social Protection Strategy (2019 – 2025) serves as the primary framework guiding the trajectory of the social protection regime. According to the World Bank, life expectancy at birth is 74.2 years (2022) and public expenditure on health amounts to approximately 2.6% of GDP (2021). This reflects a continued trend of decreased spending from a high of 5.5% of GDP in 2011.

The Social Security Corporation (SSC) is the national institution that administers social insurance and covers about 65% of the labor force. It operates under the Social Security Law, which makes no distinction based on nationality, status or gender. Refugees and migrant workers are therefore included in coverage.

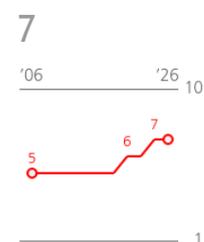
Jordan's National Aid Fund provides support to more than 220,000 Jordanian households living below the poverty line or that include people living with disabilities. The National Aid Fund implements the Unified Cash Transfer Program (formerly Takaful). The program is designed to supplement existing support schemes such as those providing pensions and workplace injury, unemployment and disability payments. It is therefore tailored to assist the more than 24% of the population that lives under the poverty line (2024), many of whom work in the informal labor sector. Under the scheme, recipients receive JOD 40 to 136 (\$56 to \$192) monthly. The Zakat Fund meanwhile distributes welfare support to more than 58,000 households, and international organizations including UNHCR, the World Food Program and UNRWA provide support to non-citizen groups who are ineligible for National Aid Fund support.

Private and public providers exist for both health care insurance and service provision. The high cost of private insurance relative to income and cost-of-living pressures has led many Jordanians to abandon private coverage options.

Although Jordan has been a regional leader in developing a social welfare model, its application has been criticized by some observers. Human Rights Watch, for example, noted that the 57 socioeconomic indicators used by the National Aid Fund (NAF) to rank applicants “inevitably fail to capture the economic complexity of people’s lives and excludes many.” The NAF has admitted that applicants with a car less than five years old or a business valued at more than JOD 3,000 are excluded from support. Despite these measures, a government survey found that close to 1 in 4 Jordanian households – approximately 580,000 – were living below the poverty line in 2022.

Concerning pensions, Jordan has a public pay-as-you-go (PAYG) scheme as well as voluntary occupational and personal schemes. The PAYG scheme consists of three tiers: a civil pension system that covers government employees and is merging with

Social safety nets



the newer Social Security Corporation; a military pension scheme that covers members of the armed forces; and the Social Security Corporation, which covers private sector employees.

Historically, Jordan has excelled regionally in education. Literacy rates remain high, with World Bank indicators from 2023 stating that the overall literacy rate was 95.0%, with rates of 97.0% among men and 92.0% among women. Enrollment figures are also high, with gross enrollment rates of 98.3% at the primary education level, 92.0% at the secondary level and 33.1% at the tertiary level. The female-to-male enrollment ratio (Gender Parity Index) is 1.0 at both the primary and secondary levels, suggesting parity between male and female student enrollment. At the tertiary level, female students outnumber their male counterparts by a factor of 1.3.

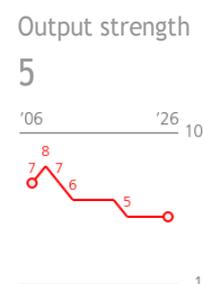
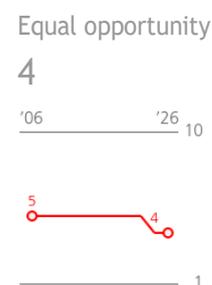
However, problems persist with regard to translating enrollment figures into employment. The World Bank noted in 2023 that women constituted only 17.1% of Jordan’s total workforce. The Jordanian Department of Statistics, for its part, reported in 2024 that the unemployment rate among women reached 34.7% during Q1 2024, an increase of 4.0 percentage points compared to Q1 2023.

Recently, the government increased maternity leave from 70 to 90 days in an effort to support new mothers and their transition back into the workforce. However, labor participation rates among women have proven to be inelastic to exogenous shocks to the domestic economy, which suggests that structural factors are largely to blame. These could include cultural values, as many Jordanian women choose not to work after marriage in order to focus on family care and household upkeep. There is no paternity leave in Jordan.

Outside of citizens, non-citizen populations such as Gazan and Syrian refugees face unequal opportunity costs, as they lack many civil and employment rights outside specific programs that are often contingent on external funding or the discretion of an individual minister.

11 | Economic Performance

Output strength remains fragile, although GDP per capita (in purchasing-power parity terms) in 2023 reached \$10,452 (international dollars), continuing an upward trajectory since 2021. This suggests that robust development is occurring despite regional shocks. GDP per capita growth likewise increased, reaching a rate of 2.2% in 2023, up from 1.2% in 2022. It rose again to 2.4% in 2024 according to the IMF. Inflation remains stubborn at a rate of over 2.0% (2.1% in 2023), but as noted earlier in this report, inflation has impacted some commodities while others have been subject to deflation. The official unemployment rate remains high at 17.9%, but is unofficially said to be more than double this.



Foreign direct investment (FDI) declined in 2023, amounting to 1.7% of GDP, down from 2.3% in 2022. Jordan has struggled to secure a predictable year-over-year FDI inflow, a situation that has negatively affected proposed development plans and successive government budgets. The current account balance worsened from -\$772.8 million in 2019 to -\$2.51 billion in 2020, -\$3.72 billion in 2021 and -\$4.16 billion in 2022. The most recent data on gross capital formation, from 2021, shows an annual figure amounting to 25.2% of GDP.

Overall, however, Jordan has certain competitive advantages, for example in the semiconductor industry. With a high per capita number of engineers in global comparison and technical support experience with companies including Cisco, Microsoft and Juniper, Jordan can leverage its educated citizenry if policymakers remain focused on building supportive infrastructure.

12 | Sustainability

Jordan's environment is especially sensitive to the ongoing effects of climate change. The population has access to less than 100 cubic meters of renewable water resources per person per year, significantly below the 500-cubic-meter threshold of "absolute water scarcity," according to UNICEF. Water stress is projected to increase year over year at an average rate of between 1% and 1.5% through 2100. Considering this, Jordan has adopted a National Climate Change Policy of the Hashemite Kingdom of Jordan (2022 – 2050). This is a far-reaching document that covers most sectors of industry and society. For example, it contains provisions facilitating continuation of the work of the Farmers Field Schools (FFS) that have been operating since 2018 with support from the Food and Agriculture Organization (FAO). To date, the FFS have helped farmers in the northern Shouneh region save up to 80% of water usage compared to traditional techniques.

However, the National Climate Change Policy is not prescriptive, serving rather as a guide for Jordan to build a low-carbon and climate-resilient society and implement United Nations Framework Convention on Climate Change (UNFCCC) provisions. The Ministry of Environment is responsible for implementing environmental policy. Under ministerial guidance, the Jordan Environment Fund (JEF) helps fund projects tied to the kingdom's national goals for environmental protection and sustainable development as outlined in the plan for the period from 2022 to 2050.

A number of projects have been enacted, especially in relation to civic education. The Children's Museum, Jordan Environment Society, Mafraq Association and South Association in Maan, for example, collaborated with the government to improve community waste management and recycling. A gaming app, called EcoChamp, has also been developed targeting Jordanians ages 6 to 15, aiming to improve engagement in recycling processes. To reduce public littering, more than 1,000 waste disposal

Environmental
policy

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bins have been installed in forests across the kingdom, particularly along the Jordan Trail. As part of an effort to reduce theft, illegal dumping and water wastage, GPS trackers have been installed on wastewater transportation tankers. These are all practical policy advances; however, greater incentives and penalties are needed to ensure compliance. On the other hand, the government has established incentives for investments by households and companies in solar energy; additionally, green building code adoption is on the rise.

There are both public and private institutions in Jordan that carry out education, research and development activities, often in collaboration with international partners.

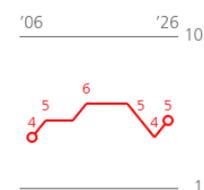
The education system is divided between public and private providers. Arabic is the language of instruction in the public system, and English is a mandatory subject for 10 years. In the private system, English is commonly used as the language of instruction. Both systems include two years of preschool education, followed by a compulsory 10 years of basic education. This is followed by two years of either academic or vocational education. The former qualifies students for university entry, while the latter qualifies students to enter vocational, community or professional colleges.

Regarding R&D, Jordan has participated in the European Union's Partnership for Research and Innovation in the Mediterranean Area (PRIMA) since 2017.

As noted earlier in the report, the overall literacy rate is high, at 95.0% (2023). Jordan's most recent score of 0.697 on the U.N. Education Index remains unchanged since 2020, suggesting that education policy has stagnated since the onset of the COVID-19 pandemic. However, public expenditure on education has been increasing incrementally in recent years. In 2022, it constituted 3.2% of GDP, although it has yet to surpass the high of 3.5% of GDP reached in 2016. In contrast, explicit research and development expenditure has not been reported since 2016, when it amounted to 0.7% of GDP. The 2025 state budget identifies a focus on education, health care and infrastructure. If some of the statements from Prime Minister Jafar Hassan and others are matched with implementation, then Jordan should see stronger performance on a number of indicators over time.

Education policy /
R&D

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Governance

I. Level of Difficulty

There are several significant structural constraints that inhibit government capacity in Jordan, including the country's geography and the geopolitics of its neighborhood. Geographically, Jordan suffers from high levels of water scarcity and aridity, with upward of 75% of the country affected. These conditions impact agricultural output, water sovereignty and the balance of trade, among other areas. As a net importer of food for domestic consumption, Jordan cannot unilaterally provide dietary staples. It sources most of its wheat, barley, sugar, rice, corn, chickpeas and lentils from abroad. In a country with few exportable natural resources other than phosphate and educated citizens, this reality negatively affects Jordan's trade balance. Further, dependency on imports renders the kingdom vulnerable to international price fluctuations, as Russia's invasion of Ukraine has illustrated in relation to global wheat prices.

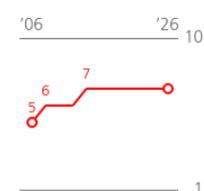
Relatedly, most of the population resides in Jordan's northwest, and the only seaport, Aqaba, is 333 km from the capital, Amman. Imports shipped into Jordan must therefore be transported to reach domestic markets. Rail and freight infrastructure between Aqaba and the northwest need further upgrades to improve efficiency. Furthermore, although large-scale desalination could ease Jordan's water scarcity, substantial geographical distance and difficult topography will exponentially increase the cost of the associated infrastructure.

Geopolitically, Jordanian policymakers have had to contend with complex circumstances beyond their control in the areas of both domestic and foreign policy. The kingdom has hosted refugees from Iraq, Syria and Palestine for decades, and as of the end of 2024, had the second-highest number of refugees per capita globally.

The Palestinian question will continue to influence Jordanian policymaking as long as it remains unresolved. Many within the political establishment and East Bank nationalists fear the "alternative homeland" or watan al-badil scenario. In short, this proposed solution argues that, as the majority of Jordan's population is Palestinian, the remaining Palestinians in Israel and the Palestinian territories should be transferred to Jordan. In January 2025, Donald Trump's administration in the United States renewed concerns in Jordan on this subject through its Gaza reconstruction plan, which would move the Gaza Strip's resident population to neighboring countries (Egypt and Jordan). To date, Jordan has made its opposition to such a move very clear. However, because of its financial reliance on U.S. aid, Jordan must navigate carefully on this issue so as to avoid calamity.

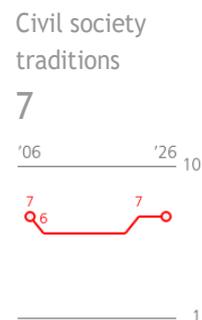
Structural
constraints

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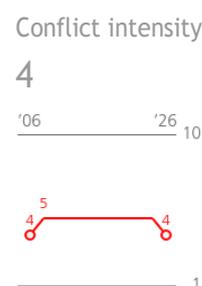


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Jordan has a long tradition of civic engagement. Currently, there are more than 20 syndicates, 55 research centers, 151 youth and sports clubs, 1,103 charities, 103 women’s associations, and 219 cultural or scientific organizations, among other groups. Yet, although there are many civil society organizations (CSOs), they are not embedded in a broad civic culture of active citizenship, and their capacities are generally weak. Competition rather than collaboration is the norm. CSOs regularly focus on individual projects rather than acting as agents of coalition-building for societal transformation. In part, this is structural, due to Civil Society Law 51/2008, which requires all CSOs to be registered with the ministry whose responsibilities most closely align with the organization’s area of activity. Additionally, provisions in the Penal Code concerning libel and defamation are broad and therefore restrict the ability of CSOs and the media to criticize and investigate government officials. Accordingly, it is difficult for CSOs to foster societal trust and the development of social capital on a national scale.



Unlike many of its neighbors, Jordan has not experienced any intense domestic conflicts since the civil war against the Palestinian Liberation Organization (PLO) in 1970/1971. One legacy that persists from this conflict is the friction between Jordanians of East Bank and Palestinian origin. However, this friction also generally encompasses more substantial contributing factors including class and tribal affiliation. Conflict between families and clans associated with the kingdom’s various tribes sporadically threatens to erupt, but is kept in check by the delicate implementation of tribal customary law and, when necessary, royal intervention. It is rare to see the mobilization of large population groups, with solidarity marches against the Israeli occupation of Palestine being an exception.



II. Governance Performance

14 | Steering Capability

The strategic capacity of government to arrange, prioritize and implement policy measures is limited. Structurally, this is because governments (the prime minister and cabinet) do not develop policy prioritization and implementation plans in isolation from the Royal Court and the wider regime apparatus. Beyond this, immediate and pressing policy priorities tend to override any longer-term strategic priorities.

This has implications for broader prioritization plans, such as the current Economic Modernization Vision (EMV). The EMV consists of three strategic goals – economic growth, sustainability and enhanced quality of life for citizens – that are converted into eight action areas. These broad-brush areas include sustainable resources, Green Jordan, Invest Jordan, Vibrant Jordan, high-value industries, future services, Smart



Jordan and Destination Jordan. Some of these, notably Destination Jordan (tourism) and Green Jordan, have resulted in substantial investment and have seen return on those investments. They are examples of successful prioritization. However, in other action areas, such as domestic high-value industries, successive governments have been comparatively less successful in implementation.

There have been policy areas such as renewable energy in which strategic prioritization has been implemented successfully. In May 2024, Ziad Saideh, chairman of the Board of Commissioners of the Energy and Minerals Regulatory Commission (EMRC), announced that renewables were at that time producing 29% of the total energy consumed in Jordan. Considering that Jordan’s renewable energy initiative began from a standing start, producing just 1% of energy needs in 2014, this represents significant progress. The kingdom is currently almost halfway through its Energy Strategy (2020 – 2030), which aims to achieve 50% of electricity production from renewable sources by 2030.

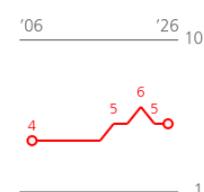
Yet the picture with regard to implementation is mixed. One example concerns startups and internet hubs. In the years immediately following the ascension of King Abdullah II in 1999, both the king and successive prime ministers highlighted Jordan’s goal of becoming a regional hub for startups and internet content production. However, two of the prerequisites for implementing this vision were – and are – freedom of speech and a competitive, deregulated environment. Neither of these factors have materialized, as security concerns and legislative decisions made in the early part of the century took priority. As a result, many creative Jordanians and enterprises have relocated abroad.

Furthermore, the areas of job creation in general and fiscal stabilization represent notable implementation failures. Employment targets outlined in the Jordan Vision 2025 have not been met and have now been incorporated into the larger EMV 2033. At the close of 2024, the official unemployment rate was 21.4%, with the real rate likely double that figure. Unemployment has not fallen below a rate of 10% since 2000 despite evidence of improved macroeconomic indicators such as GDP growth.

Fiscal stabilization has likewise suffered from contradictory policy implementation. Jordan’s budget deficit amounted to 5.2% of GDP from January to September 2024, which follows an established pattern by successive governments. One consequence of this is a persistent reliance on foreign aid. The call for “self-reliance” articulated by successive prime ministers including Abdullah Ensour (2012 – 2016), Hani Mulk (2016 – 2018), Omar Razzaz (2018 – 2020), Bisher Khasawneh (2020 – 2024) and now Jafar Hassan in his government’s first budget, remains unfulfilled.

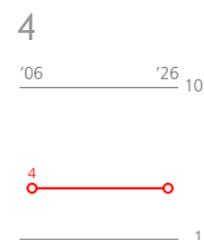
Implementation

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In light of the above analysis, problems and their severity and scope are known and recognized. However, implementation of policy learning is inconsistent. Setting aside failures in the areas of job creation and fiscal improvement, successes can be seen in renewable energy investment and production, refugee housing and support, and tourism (especially ecotourism). In all three areas, changes to government approaches over time have occurred through evaluation and by integrating international best practices.

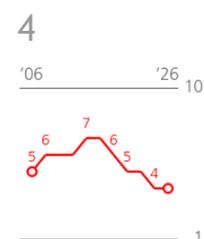
Policy learning



15 | Resource Efficiency

Public oversight of the appointment of candidates to office remains deficient in Jordan. Most appointments to political office are understood by Jordanians to be politically motivated, even when an individual's expertise is recognized. Frequently, discussions of a newly appointed minister involve reflection on the need to balance a cabinet's composition between personnel from the north, center and south of the country. Similarly, albeit anecdotally, recruitment of personnel into the public service takes into consideration familial associations and networks that have little to nothing to do with a candidate's ability to fulfill the job description. This does not mean that Jordanian public service employees are not professional or competent as a whole. Rather, it highlights the need for greater transparency in hiring schemes in order to improve public confidence that the state sector is as objective in its hiring procedures as possible. Transparency of this nature aligns with the political modernization strategy pursued by King Abdullah II.

Efficient use of assets



Budgetary resources are generally not used efficiently. The state's budget has not been balanced this century, and overall state debt is unsustainable. However, successive governments have proven adept at finding ways to service debt repayments, leveraging Jordan's good standing in the international community.

Independent auditing of budgets has been ongoing since at least 2008, when Jordan Partners (JP), a non-profit CSO, became the domestic affiliate of the International Budget Partnership organization. JP contributes survey data to the Open Budget Survey, which compares budgetary processes including transparency in 125 countries. In September 2024, findings of the 2023 survey were published. The results for Jordan were mixed. On the one hand, of the 11 Arab states included in the survey, Jordan ranked first for transparency with a score of 60/100. However, in terms of oversight, an indicator measuring the degree of control exercised by parliament and the Audit Bureau, Jordan scored poorly with a score of 39/100.

Making the pre-budget statement, midyear review and a monthly publication of comprehensive public debt reports available (including online) could boost public awareness and lawmakers' familiarity with expenditures. Both factors would improve transparency and debate in parliament and the broader public sphere over budgetary plans. As it stands, there are no publicly available in-depth audits of spending, while the high degree of administrative and budgetary centralization continues to limit the advancement of decentralization initiatives in the kingdom.

Policymakers are aware of deficiencies in Jordan’s public administration, and efforts to change its culture and performance have begun. The Public Sector Modernization Roadmap (2024) identifies improved effectiveness and efficiency as central overarching objectives and provides a framework for achieving them. The roadmap highlights internal problems, including decreased effectiveness and responsiveness to citizens’ needs. This situation has arisen in part because of a failure to adequately communicate and coordinate with local government, civil society and the private sector. In turn, this has contributed to reduced citizen confidence. The roadmap is part of Jordan’s broader 2033 plan and provides sufficient time to evaluate the success of its mechanisms.

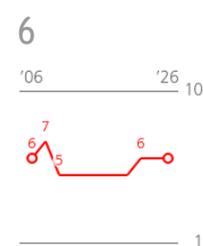
The survival of the status quo in a turbulent geopolitical neighborhood is the anchor of policy coherence in Jordan. One cannot speak of a unilateral coordination style in the policy sphere. Instead, different styles operate concurrently. For example, Jordan’s ongoing battle against drug smuggling illustrates coordination between the state (the Public Security Directorate and the military), local municipalities, health officials and community networks.

Broadly speaking, the overarching style is hierarchical, as one would expect from a monarchical political structure in which the monarch takes an active role. The state is centralized, especially with regard to funding arrangements. Jordan’s decentralization drive, which has been underway since 2015, does devolve some powers to local municipal councils. However, funding allocations remain centralized, which restricts local autonomy and empowerment. Jordanian ministries have made advances in utilizing e-communications, platforms and apps for citizen administration; these platforms and applications are also grouped under a central application (Sanad). However, the services offered there are still under development, reflecting only a moderate level of coordination between different government departments.

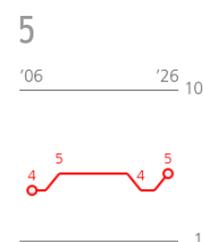
Jordan has taken significant steps to curtail corruption over the past decade. The Jordanian Integrity and Anti-corruption Commission (JIACC) has operated since 2008 and has had its mandate consolidated and expanded over successive National Integrity and Anti-corruption Strategies (NIACS). However, efforts to manage integrity risks – despite being a topic of discussion for several years – still have not been implemented across public sector institutions. Adapting existing internal oversight units within institutions from an ex ante to an ex post focus also remains a challenge.

Jordan’s top auditing institution, the Audit Bureau (AB), is responsible for important functions with regard to enhancing integrity. Yet according to the OECD’s integrity review of Jordan, conducted in 2024, both the AB’s independence and stakeholders’ comprehension of its role need to be enhanced. Regarding AB independence, the review recommended clarifying hiring procedures to ensure that staff recruitment is independent. The report noted that this should include management appointments as

Policy coordination



Anti-corruption policy



well as general staff. Further, it advised developing a stakeholder engagement strategy in order to enhance communication regarding the AB's influence on the operation of public institutions.

Stakeholder engagement is also needed to provide clearer guidance to public sector employees at all levels regarding expectations for identifying and addressing conflicts of interest. This is especially true at the municipal level, where professionalism levels lag behind those found in national public service institutions. CSOs and OECD representatives have reported, for example, that votes in municipal elections have been exchanged for employment within local government administrations, resulting in overstaffed municipalities. Clearer guidance should include clarified procedures and definitions of concepts relevant to conflicts of interest, paired with professional staff-development training programs that model potential interactions and circumstances.

Jordan has updated its procurement system in recent years with the approval of the Government Procurement Bylaw (No.8/2022). Furthermore, procurement processes have been modernized with the introduction of the Jordan Online Electronic Procurement System (JONEPS), a centralized electronic procurement system. Under the terms of Article 14 of the Integrity and Anti-corruption Law, liaison officers from the JIACC have the right to attend procurement and tender committee meetings across the public sector. Building on this, the Government Procurement Department could consider developing a standardized code of conduct to be deployed across the public sector wherever procurement is involved. Such a code could enhance understanding, identification and mitigation of corruption risks.

16 | Consensus-Building

As noted in the previous report, defining what democracy means in practice continues to be a challenge in Jordan, although all major political actors publicly agree on democracy as being central to Jordan's political future. The most recent political modernization program, initiated in 2021 with a royal committee chaired by former Prime Minister Samir al-Rifai, was the fourth time in 30 years that Jordan has pursued a top-down reform agenda. This reality highlights a glaring deficiency in Jordan's democratic mission: the absence of vocal and influential democratic reformers outside the royal palace. While there is agreement on democracy as the best path forward (see numerous surveys, for instance from Arab Barometer VIII, Pew, Center for Strategic Studies), no actors apart from the king are developing and proposing implementation models.

Marketization has been implemented to reform Jordan's semi-rentier economy alongside the reintroduction of democratic practices in the 1980s. However, despite nearly 40 years of market-oriented reforms, the kingdom remains semi-rentier in nature. Glacial changes to the domestic economy have been supported by a range of

Consensus on goals

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multilateral and bilateral relations that have not as of yet significantly altered the overarching character of the domestic economy. Most domestic actors such as political parties, CSOs and government officials recognize marketization as a key part of Jordan's future. As in the case of democracy, however, there are different understandings of what this means, and few well-developed alternatives to the official trajectory promoted by the regime.

Jordan's democratic reform agenda is led by the royal palace. However, over a reform period that has extended more than 30 years, the semi-authoritarian nature of the Jordanian state and the exercise of political power remain little changed. The rules of the game both for reformers beyond the palace and non-reformers are determined centrally. One measure of success from the state's perspective is that no democratic or reform-minded actors have been able either to co-opt or exclude opponents. Although the constitution grants certain rights, it remains a document whose mechanisms of application enshrine the authority of the monarch.

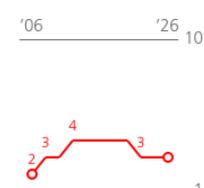
There are a number of long-running divisions in Jordanian society that sporadically emerge and pose a challenge to policymakers. These include cleavages between citizens of Transjordanian or East Bank and Palestinian origin, as well as class, different religious affiliations, tribes and clans, and regional origins (the country's north, center or south). Additionally, with Jordan hosting more than 1 million refugees, there are also divisions between the citizen and resident population, primarily over access to shared resources such as water and employment opportunities. Significantly, these rarely spill over into formal politics, and King Abdullah II has been successful in mitigating the worst instances of internecine violence. Jordan's domestic stability is a testament to that. However, this stability has required compromise, as is shown by the enforcement of tribal customary law by the state despite its official abolishment in 1976.

Domestic public consultation is carefully scripted and curated to obscure the reality of centralized decision-making, with the monarch, the diwan, security heads and the prime minister at the center. This does not mean that genuine consultations do not occur.

The 2021 Royal Committee to Modernize the Political System, for example, was a 92-member committee composed of community representatives, including CSO members, former politicians, journalists and advocates. However, based on past experience, it is far from clear just how much this consultative process contributed to the overall design of the final reform plan. Beyond domestic consultations, Jordanian policymakers liaise and consult with international organizations on a range of issues, from macroeconomics (the IMF and World Bank) to environmental conservation and energy transition.

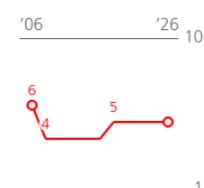
Anti-democratic actors

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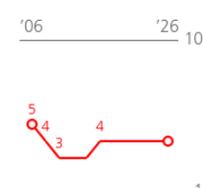
Cleavage / conflict management

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Public consultation

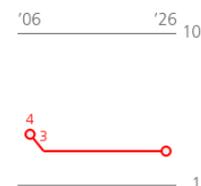
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Reconciliation is a complicated topic in Jordan, and collective amnesia toward the past seems to be a more important tool for overcoming past injustices. Steps taken by the monarchy to sustain and strengthen its position have contributed to, and at times created, sociopolitical cleavages among different Jordanian communities. Jordanians of Palestinian origin are especially affected by this, owing to actions taken against the Palestinian Liberation Organization during the Black September civil war of 1970/71 and its aftermath. Administrative disengagement from the West Bank in 1988 legitimized the later stripping of citizenship from many citizens without meaningful compensation. Although economically necessary, the modernization of the country has also produced greater intergenerational and class disparities, while offering few opportunities for many Jordanians to overcome them.

Reconciliation

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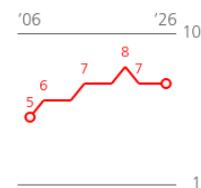


17 | International Cooperation

Successive governments have developed and partially implemented a range of farseeing political and economic development plans, including Jordan 2020 Vision (Phases I and II), the government’s Economic Priorities Program (2021 – 2023), the Executive Program for Government (2021 – 2024), the National Green Growth Plan for Jordan, the Jordan Economic Growth Plan (2018 – 2022), the National Strategy for Human Resource Development (2016 – 2025), Jordan 2025: A National Vision and Strategy, and the current Jordan Economic Modernization 2033 Plan. Each of these plans has been sufficiently detailed to provide roadmaps identifying areas of input for partners and local actors. However, sometimes due to factors beyond the government’s control, and at other times due to incompetence, the roadmaps have rarely been implemented fully on the ground. Jordan 2025: A National Vision and Strategy, for example, has been reformulated and extended into the Jordan Economic Modernization 2033 plan. So, while positive steps in implementing these plans have been made, rent-seeking and short-term expediencies continue to detract from their overall implementation.

Effective use of support

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The latest phase of the Israel-Palestine conflict has undermined Jordan’s ability to utilize international assistance. For example, Israel and Jordan had planned to ratify an agreement in which Israel would exchange much-needed desalinated water for Jordanian solar energy. This plan has been abandoned since the outbreak of hostilities in October 2023.

Overall, Jordan is a reliable partner in its dealings with the international community. Regarding military and intelligence cooperation, Jordan excels with regard to multilateral peacekeeping contributions with the U.N. and in bilateral defense cooperation. For example, the kingdom has cooperated in the National Guard State Partnership Program with the United States for 20 years, and has held 44 meetings of the U.S.-Jordan Joint Military Commission (JMC). Jordan is also active in climate change forums and has developed a credible reputation as a project partner. In 2024,

Credibility

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for example, Al-Etihad Bank and UNICEF renewed their sponsorship of youth-led climate change awareness and action programs across Jordan for a third year – a sign of confidence in local capacity-building and the persistence of state support.

Credibility in the area of human rights presents a more complicated image. On the one hand, Jordan has ratified several important international human rights agreements, including the Convention against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment (CAT) 1991, the International Covenant on Civil and Political Rights (CCPR) 1975, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1992 and the International Covenant on Economic, Social and Cultural Rights (CESCR) 1975. On the other hand, the country has not yet implemented all provisions of these agreements to the letter, and in fact continues to oppose some articles.

With a small population and a productive economic base, Jordan's bargaining capacity in regional cooperation is limited. However, it has consistently found ways to punch above its weight in a challenging neighborhood. It is a member of the League of Arab States (LAS), the Organization of Islamic Cooperation (OIC) and the Agadir Agreement, and additionally contributes to the Arab and International Relations Council (AIRC). With the fall of Bashar al-Assad's regime in Syria in December 2024, Jordan will serve as an important staging zone for reconstruction and efforts to curtail smuggling. Moreover, the overall expected increase in cross-border trade offers substantial potential to spark a new relationship between the states.

Jordan has a close relationship with Egypt, as the kingdom has more resident Egyptian migrant workers than any other Arab state except Saudi Arabia. The total number of Egyptian migrant workers in Jordan is difficult to pinpoint because migration to Jordan often occurs through informal social networks. Estimates range from 600,000 to 1 million. The main sectors employing these workers include agriculture, construction and services. Since 2021, Jordan, Egypt and Iraq have participated in a trilateral cooperation agreement aimed at strengthening economic and trade ties between the three states. To date, efforts have focused on land-based trade and logistics, as well as the standardization of quality control mechanisms.

Jordan's cold peace with Israel is now more than 30 years old and has survived regional wars, the Second Intifada and the most recent war in Gaza. It will continue to hold for the foreseeable future as a means of buttressing Jordanian sovereignty and leverage while the Palestinian question remains unresolved. Relations are unlikely to warm in the current domestic and regional climate.

Further afield, Jordanian-EU relations are strong and multifaceted, covering political and economic ties, human rights, the rule of law, climate change, and security. Jordan has also co-chaired the Union for the Mediterranean (UfM). Jordan has benefited from EU assistance in several areas including education and government statistical data collection and analysis.

Regional
cooperation

9



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Strategic Outlook

Key issues for Jordan to address in the coming period include political reform, water security, agricultural reform and a critical reflection on economic priorities.

Regarding political reform, the changes made to political party and election laws are steps in the right direction in terms of empowering political parties. However, to truly modernize the political system, Jordan could consider returning to fundamentals as already specified in its constitution. The constitution outlines the guarantees for freedoms and processes necessary for a modern political system. The problem is that the practice and delimitation of these are left to legislation rather than being enshrined in the constitution itself. Making the spirit of the constitution explicit in the country's laws and legal practice would provide citizens, the media and parliamentarians with greater confidence to criticize government decision-making. It would also loosen the chains that bind civil society, resulting in fewer activists being detained for expressing opinions, whether online or in the street. Once these fundamentals are in place, further reform to parliamentary and government competencies can be undertaken.

Water security remains a fundamental challenge. The ongoing modernization of urban water and sanitation works needs to continue to reduce wastage. Improving collection methods and vegetation cover in the Jordan Valley will help reduce the risk of and damage done by flash flooding. Relatedly, agricultural reform in Jordan will be necessary to improve yields while reducing water consumption. Currently, the agricultural sector consumes 51% of the country's fresh-water resources. Implementing the water strategy (2023 – 2040) needs to be a priority for the new Hassan government.

It would also be wise for the Hassan government to reflect on its long-standing economic prioritization of macroeconomic stabilization over fiscal sustainability and job creation. Although GDP is projected to grow at 2.9% in 2025 according to the IMF, inflation is expected to rise to a rate of 2.4% over the same period. This will put further pressure on the cost of living. Moreover, the total unemployment rate was almost 22% at the end of 2024, with few signs of it decreasing to more manageable levels. Decades of economic policy implementation have favored macroeconomic stabilization to the apparent detriment of fiscal sustainability and job creation. Greater attention to job creation in the private sector would improve government income over time, provide a boost to the domestic market, reduce pressure on the public sector to hire more staff than is necessary – thereby also improving efficiency – and enhance public confidence. Jordan's international partners should support it in this task. The education reform identified in the budget documents for 2025 is encouraging, but should be paired with the political reforms outlined above in order to unlock domestic entrepreneurial potential.

Geopolitically, the Donald Trump administration in the United States appears to be a disruptive factor. Executive orders from the White House have already shut down the operations of USAID in the kingdom. This has placed increased strain on the domestic budget, and Jordan will need to find alternative aid sources to cover the shortfalls. There is also concern in Amman that Trump's

support for Israeli Prime Minister Benjamin Netanyahu's government will encourage more settler violence and expansion into the West Bank. Jordan fears the "watan al-badil," or "alternative homeland" solution to the Israel-Palestine conflict, which would see the forced transfer of Palestinians to Jordan.