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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM DOCUMENT FOR A

PROPOSED LOAN

IN THE AMOUNT OF US$700 MILLION TO

HASHEMITE KINGDOM OF JORDAN

FOR THE

Jordan Growth and Competitiveness DPF II

June 21, 2026

Finance, Competitiveness and Investment
Middle East, North Africa, Pakistan, and Afghanistan

Hashemite Kingdom of Jordan

GOVERNMENT FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

Exchange Rate Effective as of June 21, 2026

Currency Unit

JOD 0.709 = US$1

ABBREVIATIONS AND ACRONYMS

CBJ	The Central Bank of Jordan	LBA	Light Business Accounts
CCD	Companies Control Department	MDTF	Multi-Donor Trust Fund
COM	Council of Ministers	MEMR	Ministry of Energy and Mineral Resources
CPF	Country Partnership Framework	MFD	Maximizing Finance for Development
CPSD	Country Private Sector Diagnostic	MoDEE	Ministry of Digital Economy and Entrepreneurship
CRIF	Licensed private credit bureau	MoF	Ministry of Finance
DPF	Development Policy Financing	MoPIC	Ministry of Planning and International Cooperation
EFF	Extended Funding Facility	MSME	Micro, Small and Medium Enterprises
EMV	Jordan Economic Modernization Vision	NAP	National Adaptation Plan
EU	European Union	NDC	Nationally Determined Contribution
FDI	Foreign Direct Investment	NEPCO	National Electric Power Company
FLFP	Female Labor Force Participation	PA	Prior Action
FSAP	Financial Sector Assessment Program	PCE	Private Capital Enabling
G2B	Government to Business	PDO	Program Development Objective
G2G	Government to Government	PFM	Public Financial Management
G2P	Government to Person	PforR	Program for Results
GDP	Gross Domestic Product	PPC	Public Procurement Committee
GFMIS	Government Financial Management Information System	RSF	Resilience and Sustainability Facility
GM	Grievance Mechanism	SOE	State-Owned Enterprises
GRS	Grievance Redress Service	SSC	Social Security Corporation
IBRD	International Bank for Reconstruction and Development	SSIF	Social Security Investment Fund
IFC	International Finance Corporation	TSA	Treasury Single Account
IMF	International Monetary Fund	UGPI-JO	Unified Government Payment Interface
JONEPS	Jordan Online e-Procurement System	WAJ	Water Authority of Jordan
JSC	Jordan Securities Commission	WBG	World Bank Group

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Jordan Growth and Competitiveness DPF II (P509855)

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SUMMARY OF PROPOSED FINANCING AND PROGRAM

BASIC INFORMATION

Operation ID	Programmatic	If programmatic, position in series
P509855	Yes	2nd in a series of 3

Proposed Development Objective(s)

To improve the enabling business environment and deepen access to finance for private sector-led growth.

Organizations

Borrower/Recipient:	Hashemite Kingdom of Jordan
Implementing Agency:	Ministry of Planning and International Cooperation

PROJECT FINANCING DATA (US$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Total Financing	**700.00**

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	700.00

PRACTICE AREA(S)

Practice Area (Lead)

Finance, Competitiveness and Innovation

Contributing Practice Areas

Social Policy; Macroeconomics, Trade and Investment; Energy; Digital & AI

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

OVERALL RISK RATING

Overall Risk	Moderate

RESULTS

Baseline	Closing Period
Improve the enabling business environment	
RI 1: Number of anticompetitive practices (anticompetitive agreements/ abuse of dominance) investigated (cumulative). (Number)	
Dec/2024	Dec/2028
10	16
RI 2: Number of priority sectoral licenses that are newly reformed (abolished or streamlined) (cumulative). (Number)	
Dec/2024	Dec/2028
0	20
RI 3: Cumulative private capital enabled through: (i) renewable generation and transmission projects; and (ii) minimum capital commitments under newly awarded mining concessions. (Amount (USD))	
Dec/2024	Dec/2028
0	150,000,000
RI 4: Share of total notarization transactions completed electronically (annual). (Percentage)	
Dec/2024	Dec/2028
0	20%
RI 5: Share of total value of public procurement contracts awarded to MSMEs annually. (Percentage)	
Dec/2024	Dec/2028
41.5%	45.0%
RI 6: Female Labor Force Participation rate (quarterly). (Percentage)	
Dec/2024	Dec/2028
15.2%	17.0%
RI 7: Number of active private-sector insured persons (contributors) registered with SSC (annual). (Number of people)	
Dec/2024	Dec/2028

841,339	969,942
➢Out of which women (Number of people)	
Dec/2024	Dec/2028
265,117	307,161
➢Out of which youth (15-24 yo) (Number of people)	
Dec/2024	Dec/2028
298,136	343,111
RI 8: The proportion of companies meeting or exceeding the 20% female board representation threshold. (Percentage)	
Dec/2024	Dec/2028
0%	10%
Deepen access to finance	
RI 9: Share of government outgoing payments processed through standardized end-to-end digital workflows (from authorization to settlement and delivery) without paper-based steps (annual). (Percentage)	
Dec/2024	Dec/2028
0%	90%
RI 10: Number of active Light Business Accounts. (Number)	
Dec/2024	Dec/2028
0	50,000
➢Out of which held by women or women-owned businesses (Number)	
Dec/2024	Dec/2028
0	15,000
RI 11: Cumulative private capital enabled through securities issuance (incl. Sukuk), IPOs, crowdfunding, cash-flow based financing, net inflows into mutual funds, and Sandbox solutions. (Amount (USD))	
Dec/2024	Dec/2028
1,080,060,000	1,580,060,000
RI 12: Number of credit reports issued through digital channels and MSME credit reports issued that integrate MSME cash-flow related information (cumulative). (Number)	
Dec/2024	Dec/2028
0	250,000
RI 13. Volume of new bank lending that is green taxonomy-aligned (cumulative). (Amount (USD))	
Dec/2024	Dec/2028
0	230,000,000
RI 14: Insurance penetration (gross written insurance premiums as a share of GDP). (Percentage)	
Dec/2024	Dec/2028
1.88	2.10
RI 15: Reserves collected in the Insurance Policyholders Protection Scheme (cumulative). (Amount (USD))	
Dec/2024	Dec/2028
0	21,000,000

IBRD PROGRAM DOCUMENT FOR A PROPOSED LOAN TO HASHEMITE KINGDOM OF JORDAN

I. COUNTRY CONTEXT AND OPERATION SUMMARY

1. **Jordan has maintained macroeconomic stability over recent decades despite repeated external shocks.** Reforms and policy adjustments – often supported by IMF and World Bank programs – have contained inflation, supported exchange rate stability, and strengthened the financial system. These efforts have strengthened the economy's resilience, reduced macroeconomic volatility during periods of regional and global disturbances, and helped sustain economic activity under difficult conditions, including as Jordan navigates the economic spillovers from recent conflict in the Middle East.

2. **Building on its macroeconomic resilience, Jordan has an opportunity to deepen the impact of reforms by translating stability into higher private investment, productivity gains, and job creation.** While post-pandemic growth has been steady and real GDP per capita has returned to positive territory after nearly a decade of decline, these gains are not yet fully reflected in labor market outcomes. Unemployment has eased modestly, and labor force participation has risen slightly since the pandemic, but both remain subdued. Private sector job creation has expanded gradually, while female labor force participation remains low. Policy efforts should therefore focus on easing structural constraints to private investment and strengthening the links between growth, productivity, and employment.

3. **Expanding job creation and meeting the needs of a growing workforce will hinge on private sector-led growth.** Improving enabling conditions for private investment – through further reducing compliance costs, greater regulatory predictability, stronger competition, enhanced financial inclusion, deeper access to finance and capital markets, and greener, more competitive energy and digital services – is critical. Such reforms are not only essential to increase inflows of foreign direct investment (FDI) and boost domestic investment but also help channel capital into high-value sectors with the strongest potential to create sustainable, quality jobs for Jordanians, including youth and women.

4. **Jordan's demographic transition further underscores the importance of strengthening job creation and productivity growth.** Fertility rates have declined steadily while the share of working-age adults remains high and is expected to peak in the medium term. While this demographic structure offers a temporary window to benefit from a relatively favorable dependency ratio, the share of older people is projected to rise over time, increasing future pressures on pension and health care systems. At the same time, a stabilizing working-age population implies that improvements in labor market outcomes, productivity, and skills development will become increasingly important drivers of growth. In this context, accelerating reforms that support private sector-led job creation, human capital development, and fiscal sustainability will be essential to harness the demographic dividend before aging-related pressures intensify.

5. **Reflecting wider regional and global climate trends, Jordan also faces climate- and natural disaster-related pressures that include rising temperatures, declining rainfall, and droughts that strain water, energy, and agricultural systems.** Over time, these pressures can affect productivity and fiscal stability and may influence private investment by increasing operating costs, heightening uncertainty, and affecting investor sentiment. In this context, policy priorities emphasize renewable energy, digital efficiency, strengthened disaster risk finance frameworks, and climate-responsive finance to enhance resilience while preserving fiscal sustainability.

6. **The proposed Development Policy Financing (DPF) supports a shift in Jordan's development pathway toward a more investment-led, private sector-driven, and inclusive growth model.** It aims to strengthen FDI and domestic investment by further improving the regulatory environment, competition, and access to diversified sources of finance. The operation is the second in a programmatic series of three IBRD operations, aligned with the Economic Modernization Vision (EMV). Building on the first operation and advancing reforms in priority areas, this DPF of US$700 million is structured around two pillars: to (i) improve the business enabling environment; and (ii) deepen access to finance. The associated Prior Actions (PAs) reflect strong analytical underpinnings, government demand anchored in national strategic priorities, and

areas where institutional readiness and World Bank (WB) engagement can generate high-impact results. The Government's commitment to a third operation will consolidate and deepen these reforms.

7. **The DPF series complements World Bank Group (WBG) operations and the programs of other development partners.** It is aligned with International Monetary Fund (IMF) support under the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF), and with programs of other development partners. The WBG's extensive technical assistance program, financed through the Jordan Growth Multi-Donor Trust Fund (MDTF) and the Mashreq Gender Facility, has played a key role in designing and implementing reforms supported by this DPF series. The operation leverages the WBG's comparative advantage by translating upstream analytics and hands-on technical assistance into sequenced policy actions, while parallel WBG engagements support implementation, market uptake, and institutionalization of reforms.

II. MACROECONOMIC POLICY FRAMEWORK

8. **The overall macroeconomic policy framework remains adequate for the proposed Program, underpinned by a prudent and credible policy mix.** Fiscal policy is anchored in a medium-term consolidation trajectory, supported by the IMF EFF and RSF, which provide a macro-fiscal anchor and guide policy responses to shocks, including through quantitative performance criteria and indicative targets on fiscal balances and public debt. The authorities remain committed to placing public debt on a declining trajectory over the medium term through sustained revenue mobilization, expenditure discipline, and structural fiscal reforms, while protecting priority social and capital spending. Monetary policy continues to be conducted in line with the exchange rate peg, helping preserve price stability and confidence, while financial sector policies remain focused on safeguarding banking system stability through prudential regulation and supervision. In parallel, the Government continues to advance structural reforms under the EMV, including through the recently updated Executive Program, reinforcing policy credibility and reform momentum.

9. **These policy stances have supported macroeconomic stability and resilience despite a challenging external environment.** The economy continued to record positive growth while inflation remained contained, notwithstanding regional turbulence and global uncertainty. While public debt remains high, it is assessed as sustainable and projected to decline gradually under the baseline scenario, conditional on policy implementation and external support. External balances remain manageable. Recent Eurobond issuances in November 2025 were oversubscribed, with favorable spreads, signaling access to international capital markets. International market confidence is further reflected in sovereign credit rating upgrades with stable outlooks in 2024 – the first in over two decades – which were maintained in 2025.

A. Recent Economic Developments

10. **Jordan entered 2026 with improving growth, but the recent conflict in the Middle East has heightened downside risks, particularly for tourism, transport and logistics, and energy costs.** The authorities have responded with targeted measures to preserve macroeconomic stability while avoiding broad-based fiscal stimulus. Jordan's policy response has focused on cushioning supply-chain, energy, tourism, food security, and liquidity pressures while preserving prudent fiscal and monetary policies. Measures included temporary customs and tax relief linked to higher maritime freight costs, flexibility for container imports through land crossings, fuel and LNG tax and fee exemptions, expanded government-guaranteed credit for NEPCO, and access to strategic fuel reserves to safeguard electricity supply. Targeted support also included government-covered interest and debt rescheduling for affected tourism firms, compensation for conflict-related property damage, and payment of selected arrears, including to pharmaceutical suppliers. CBJ complemented these measures with a JD760 million precautionary package to support banking liquidity, tourism firms, and essential food imports.

11. **Jordan's growth strengthened to 3.0 percent in Q4-2025, sustaining the momentum in recent quarters and bringing overall growth to 2.8 percent for the year**. This marks an increase from 2.6 percent in 2024, in line with the pre-pandemic average of 2.5 percent (2010-2019). Sectoral performance in the fourth quarter was led by agriculture, which

expanded by 7.0 percent, followed by mining and quarrying at 6.9 percent and manufacturing at 5.2 percent. Tourism remained buoyant with 7 million arrivals in 2025, 15.3 percent higher than in 2024; however, the current conflict has underscored the sector's vulnerability to regional shocks, weighing on bookings, cancellations, and tourism sentiment.

12. **Labor market conditions improved modestly in Q4-2025.** Unemployment among Jordanian and non-Jordanians declined to 16.1 percent, compared with 16.9 percent a year earlier. Male unemployment fell to 13.8 percent, while female unemployment edged up to 25.0 percent.[1] Structural factors – including labor market segmentation, informality, low labor force participation, insufficient access to finance, limited innovation, and weak export diversification – continue to shape job creation outcomes. Labor force participation stood at 41.6 percent (male: 62.5 percent; female: 18.1 percent) in Q4 2025.[2] Women, especially outside Amman, continue to face constraints to labor force participation (including transportation, social norms, and access to finance). These trends underscore the importance of accelerating structural reforms to support private sector-led job creation.[3]

13. **Headline inflation remained contained at 1.77 percent during 2025, below the 2011–2024 average of 2.4 percent.** Inflation stood at 1.87 percent in March 2026, compared with 1.17 percent a month earlier. The Central Bank of Jordan (CBJ) cut its policy rates by 75 basis points in 2025, and kept rates unchanged following its end-April 2026 policy meeting. As of end-April 2026, the CBJ's main policy rate stood at 5.75, while the overnight deposit window rate remained at 5.5 percent. External competitiveness improved as lower domestic inflation relative to trading partners, together with U.S. dollar depreciation transmitted through the exchange rate peg, supported the affordability of Jordanian exports. These improvements in external price competitiveness followed a prolonged period during which labor cost rose faster than productivity, weighing on export competitiveness, and underscore the importance of reforms to sustain external competitiveness over the medium term.

14. **The central government's overall deficit, including grants, widened to 5.2 percent of GDP in 2025, from 5.0 percent a year earlier.** Domestic revenue increased by 6.6 percent, driven primarily by a 6.8 percent rise in tax revenues, while non-tax revenues grew at a slightly slower pace. On the expenditure side, total spending expanded by 6.2 percent, with capital expenditure rising more rapidly than current expenditure. The January-February 2026 deficit including grants reached 6.7 percent of GDP, compared with 5.6 percent a year earlier. Preliminary Q1 indications point to modest domestic revenue growth and higher capital spending.

15. **Monetary indicators remained stable, supported by adequate reserves and moderate financial sector growth**. The CBJ's gross foreign reserves (including gold) stood at US$26.8 billion by end of March 2026 (9.4 months of imports cover). Domestic liquidity grew by 5.5 percent by end-2025, reaching JOD 47.75 billion. Credit facilities increased to JOD 36.5 billion by end of February 2026. At the same time, lending to MSMEs remained limited to around 11.6 percent of total bank credit to the private sector (Q4 2025).

16. **The financial system remained relatively stable, with strong banking sector capital adequacy and relatively low reported non-performing loans.** The latest data as of mid-2025 shows that banks' capital adequacy ratio (18.0 percent) remained well above the regulatory minimum, liquidity indicators were strong (around 142 percent), and non-performing loans stood at 5.8 percent (slightly higher than 5.6 percent a year earlier). Credit growth has been moderate, broadly in line with economic activity, while deposit growth has remained resilient, supported by sustained confidence in the banking

[1] A possible explanation for the diverging unemployment trends between men and women is that Q4-2025 growth was driven mainly by agriculture, mining and quarrying, manufacturing, and electricity supply. While these sectors can support overall job creation, they are not sectors where women are most represented.

[2] The average quarterly FLFP rate for Jordanian in 2025 was 14.8 percent. The annual figure is usually preferred, as it helps smooth out seasonal fluctuations. For Jordanian women, the rate has remained broadly stable in recent years, ranging between 13.9 percent and 14.9 percent during 2020–2024.

[3] The labor force participation rate, employment-to-population ratio, and unemployment rate use different reference populations and therefore are not intended to be combined mechanically. As such, the reported employment and participation figures do not directly yield the national unemployment rate. Employment-to-population ratio refers to the share of working-age population in employment. The unemployment rate is the share of persons who are unemployed as a percent of the labor force. The labor force is the sum of all persons of working age who are employed and those who are unemployed. The labor force participation rate is the share of persons who are in the labor force as a percent of the working-age population.

system and the exchange rate peg. At the same time, the banking-sovereign nexus remains significant: around 22 percent of banking sector exposure is linked to government and government-guaranteed debt, including SOEs, and over 50 percent of the Social Security Investment Fund's (SSIF) portfolio is invested in government securities, underscoring important interlinkages between financial sector and public debt dynamics. By supporting the development of commercially viable alternatives to sovereign exposure, for example, stronger credit infrastructure for MSME lending and deeper non-sovereign capital market instruments, the DPF reforms may help gradually reduce the banking-sovereign nexus.

17. **The current account deficit stood at 5.6 percent of GDP in 2025, compared with 5.4 percent of GDP in 2024.** A stronger services balance, driven by higher tourism receipts amid regional ceasefires, offset a widening of the trade deficit. However, Q1-2026 data point to pressure on tourism receipts, with tourism income declining by 3.8 percent year-on-year, including a 5.4 percent decline in March, underscoring the external sector's vulnerability to regional security developments.[4]

B. Macroeconomic Outlook and Debt Sustainability

18. **The conflict in the Middle East has increased uncertainty around the outlook, although its impact is not yet visible in the headline macro-fiscal indicators.** The full magnitude of the impact will depend on the duration and intensity of the conflict. Transmission channels include disruptions to trade and tourism, higher energy and commodity prices, weaker remittance inflows, increased risk premia, and lower revenues if economic activity slows.

19. **Under the baseline scenario, based on data and information available as of end-March, growth is projected to gradually strengthen toward 3.0 percent over the medium term.** Growth will be supported by manufacturing and agriculture, while tourism is anticipated to recover after regional tensions subside. A faster recovery in Syria could also generate positive spillovers through trade and investment links.[5]

20. **Over the medium term, higher growth reflects the anticipated impact of reforms and priority investments under the EMV.** These include streamlined investment procedures, improved access to finance, expanded digital transformation, labor market reforms, and stronger competition and PPP frameworks – several of which are supported by this DPF series. Flagship EMV projects, such as the National Water Carrier, green hydrogen and renewable energy expansion, Aqaba logistics and port modernization, are expected to reinforce growth, alongside emerging high-value services and industrial clusters.

Table 1. Selected Economic and Financial Indicators

	2022 Act.	2023 Act.	2024 Act.	2025 Est.	2026 Proj.	2027 Proj.	2028 Proj.
				Annual percentage change, unless otherwise indicated			
Real sector							
Real GDP growth	2.7	3.1	2.6	2.8	2.7	2.9	3.0
Agriculture (in p.p.)	0.2	0.3	0.3	0.4	0.2	0.2	0.2
Industry (in p.p.)	1.1	1.3	0.8	1.0	0.8	0.8	0.8
Services (in p.p.)	1.3	1.6	1.1	1.3	1.5	1.8	1.9
Nominal GDP (JD Billion)	38.0	39.8	41.6	43.7	45.9	48.4	51.0
CPI Inflation (p.a.)	4.2	2.1	1.6	1.8	2.9	2.4	2.4
				Percent of GDP, unless otherwise indicated			
External sector							
Current Account	-7.5	-3.3	-5.4	-5.6	-6.0	-5.6	-5.2
Foreign direct investments, net	1.8	3.6	2.8	3.2	3.0	3.0	3.0
Debt							

[4] https://www.jordannews.jo/Section-115/Around-Jordan/More-Than-Half-a-Million-Visitors-to-Tourist-Sites-in-Jordan-Since-the-Start-of-the-Year-51119
[5] The baseline scenario assumes that shipping through the Strait of Hormuz is severely disrupted for approximately three months following the onset of the conflict, with disruptions dissipating thereafter. It also assumes a reduction in oil supply over a comparable period, while regional supply capacity remains below normal through the fourth quarter of 2026.

Unconsolidated debt 1/	101.3	103.3	106.1	108.3	109.8	109.3	108.3
Consolidated debt 2/	80.7	81.0	82.1	82.8	83.4	82.3	81.1
SSIF holdings of government debt	20.6	22.3	24.0	25.5	26.4	27.0	27.2
Fiscal Accounts							
Total revenues and grants	25.7	22.9	22.7	23.0	23.6	23.4	23.5
Total expenditure (incl. use of cash)	31.5	27.6	28.5	28.2	28.9	28.2	27.9
CG Overall balance (deficit (-), incl. grants)	-5.8	-4.7	-5.9	-5.2	-5.3	-4.8	-4.4
CG Primary Balance (deficit (-), incl. grants)	-1.5	-0.4	-0.9	-0.2	-0.4	0.2	0.6
Memorandum Items:							
NEPCO operating balance (JD million)	-249	-409	-428	-426	-652	-377	-364
WAJ overall balance (JD million)	-182.6	-235.0	-198.0	-182.0	-176	-164	-150
Export FOB (% growth)	36.6	-1.8	5.8	7.0	9.5	-1.5	4.0
Import FOB (% growth)	27.0	-5.7	4.0	3.5	9.9	2.3	4.1
Remittances (% growth)	22.2	2.5	1.6	2.0	0.5	3.0	5.0
Broad Money (% growth)	5.5	2.4	6.1	4.9	5.2	5.3	5.5
Gross usable Foreign Currency Reserves (US$ million)	16.4	17.3	20.3	21.1	21.3	20.8	21.2
in months of next year's imports of GNFS	6.8	6.8	7.7	7.3	7.3	6.8	6.5

Source: World Bank staff projections.
1/ Including NEPCO and WAJ debt and securitization of domestic arrears in 2019 and 2020.
2/ Netting out SSIF holdings

Table 2. Key Fiscal Indicators (Percent of GDP)

	2022 Act.	2023 Act.	2024 Act.	2025 Est.	2026 Proj.	2027 Proj.	2028 Proj.
Total revenues and grants	**25.7**	**22.9**	**22.7**	**23.0**	**23.6**	**23.4**	**23.5**
Domestic Revenue	23.5	21.2	21.0	21.4	22.0	22.2	22.3
Tax revenues	17.5	15.4	15.7	15.7	16.2	16.6	16.7
Taxes on income and profits	4.5	4.4	4.3	4.1	4.1	4.2	4.3
Real estate tax	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Sales taxes	12.0	10.2	10.2	10.7	10.8	11.0	11.0
Taxes on foreign trade	0.7	0.6	0.6	0.7	1.0	1.1	1.0
Non-tax revenues	6.0	5.6	5.6	5.9	5.9	5.6	5.6
Foreign Grants	2.3	1.8	1.7	1.6	1.6	1.2	1.2
Total expenditure (incl. use of cash)	**31.5**	**27.6**	**28.5**	**28.2**	**28.9**	**28.2**	**27.9**
Current	28.2	24.2	24.9	24.9	25.8	24.9	24.6
Wages and salaries	5.3	4.9	4.8	4.7	4.8	4.7	4.6
Interest payments	4.3	4.3	5.0	5.0	4.9	5.0	5.0
Military and public security exp.	8.2	7.5	7.4	7.3	7.3	7.3	7.3
Subsidies (including fuel and wheat)	2.3	0.4	0.7	0.6	1.4	0.6	0.6
Transfers	6.8	6.0	6.0	6.2	6.3	6.3	6.1
Purchases of goods & services	1.2	1.1	1.1	1.2	1.2	1.1	1.1
Capital Expenditure	3.4	3.5	2.8	3.2	3.1	3.3	3.3

Source: World Bank staff projections.

Table 3. Public and Publicly Guaranteed Debt Stock and Debt Service

	Debt Stock (end of period) 2024			Debt Service			
				2025	2026	2025	2026
	In million USD	Percent of Total	Percent of GDP	In million USD		(Percent of GDP)	
Total PPG Debt	48,207	100	82.1	2,180	2,244	5.0	4.9
Domestic Debt	20,936	43.4	35.7				
External Debt	27,271	56.6	46.5				

Multilateral creditors	11,123	23.1	18.9
Bilateral creditors	4,699	9.7	8.0
Commercial creditors	11,690	24.3	19.9
Memo items			
SOE guaranteed external debt (in million USD)	1,017		
External Arrears	0		
LCU per USD: Official (end of period)	0.709		

Source: World Bank staff projections.

Table 4. External Financing Needs and Sources (millions of US$)

	2022 Act.	2023 Act.	2024 Act.	2025 Est.	2026 Proj.	2027 Proj.	2028 Proj.
Financing Requirements	**8,038**	**4,835.1**	**7,065**	**7,341**	**8,089**	**8,145**	**7,244**
Current Account Deficit (excluding Grants)	5,894	3,705	5,696	4,995	5,846	5,898	5,880
o/w. Energy Imports	4,719	3,844	3,490	2,989	4,035	3,443	3,614
Amortization of Public Sector Loans	811	1,033	831	136	1,557	388	238
Amortization of Sovereign Bonds	1,000	0	0	1,500	500	1,600	1,250
GCC Deposits at the CBJ	333	0	333	500	0	0	0
IMF Repurchases	0	97	206	210	186	259	276
Available Financing	**4,120**	**5,629**	**4,228**	**5,520**	**5,927**	**5,905**	**6,673**
Foreign Direct Investment (net)	842	1,860	1,572	1,826	1,926	2,026	2,126
Public Grants	1,861	1,825	2,272	1,813	1,982	2,084	2,166
Public Sector Borrowing	440	646	289	1,006	928	812	412
Issuance of Sovereign Bonds	650	1,250	0	700	1,000	1,000	1,250
Non-Resident Purchases of Local Debt	-268	0	0	0	0	0	0
CBJ Other Financing (Net)	-156	-121	-40	-15	-15	-15	-15
Private Capital Flows, Net	751	169	135	190	106	-2	734
Errors and Omissions	1,316	-1,719	2,081	0	0	0	0
Change in Reserves (+ = Increase)	-744	434	1,907	792	276	-591	413
Total Financing Needs		1,359	2,663	2,613	2,438	1,649	1,384
Identified Official Budget Support		1,359	2,663	2,613	2,438	1,649	1,384
Unsecured Budget Financing		0	0	0	0	0	0

Source: World Bank staff projections.

21. **Inflation is projected to rise to 2.9 percent in 2026, reflecting energy and commodity price pressures associated with the conflict in the Middle East,** before moderating in subsequent years. The CBJ's commitment to monetary stability and the U.S. dollar peg is expected to help contain second-round effects and anchor inflation expectations.

22. **Fiscal consolidation is expected to continue, although under more challenging conditions.** The primary fiscal balance is now projected to shift to a small surplus in 2027, rather than 2026, reflecting the near-term repercussions of the conflict. Tax revenues are expected to strengthen, supported by ongoing policy and administration reforms, including digitalization of filing and payments, the rollout of mandatory national e-invoicing to enhance compliance, the rationalization of tax exemptions, and stronger audit and enforcement. Sustained private sector-led growth and formalization are expected to broaden the tax base, while improved access to finance could support higher investment. On the expenditure side, the conflict in the Middle East may increase spending needs to protect vulnerable groups. Nonetheless, continued spending discipline will be needed to preserve space for priority expenditures as conditions stabilize. Persistent

pressures from the water and electricity sectors are likely to keep unconsolidated debt high in the near term. Debt vulnerabilities are partly mitigated by continued market access.

23. **The social security system is macro-fiscally important.** Although the Social Security Corporation (SSC) operates outside the central government budget and currently benefits from favorable demographics and a sizeable reserve position managed through the Social Security Investment Fund (SSIF), actuarial assessments indicate that medium- to long-term pressures are expected to increase over time.[6] Continued efforts by the authorities to safeguard SSC's financial sustainability, adequacy, and coverage will therefore remain important to preserve long-term fiscal sustainability.

24. **The external position is expected to remain broadly stable, although uncertainty is elevated.** The current account deficit is projected to average above 5.0 percent of GDP over the medium term. Higher imports, reflecting domestic demand, elevated commodity prices, and investment-related import needs, are expected to be partly offset by increased exports to Syria as well as stronger phosphate and fertilizer export receipts. Tourism receipts remain uncertain and will depend on the duration of the conflict and the extent to which higher fuel costs affect travel demand. Remittance inflows may also be adversely affected, particularly from expatriates residing in the most impacted countries. The current account deficit is expected to remain financed by continued access to multilateral and bilateral financing.

25. **Financial sector policies remain focused on preserving stability while gradually strengthening preparedness for emerging risks.** The CBJ continues to enhance its systemic risk monitoring, stress-testing capacity, and macroprudential toolkit, including assessing potential spillovers from fiscal pressures, regional shocks, and climate-related risks. The authorities are strengthening the financial sector safety net and crisis preparedness framework, including through ongoing improvements in resolution planning and coordination mechanisms. Efforts to further strengthen the effectiveness of the AML/CFT framework and supervisory enforcement are ongoing, supporting financial integrity and continued correspondent banking relationships. Reforms supported under this DPF series – such as modernizing credit infrastructure, expanding cash-flow-based financing, deepening capital markets, and advancing climate-related financial regulation – are expected to support a more diversified, inclusive, and resilient financial system over the medium term.

26. **To maintain the pace of reform implementation, domestic policy risks warrant continued attention.** These include the possibility of slower-than-envisioned progress on structural reforms, upward pressures on current spending, and a slower-than-anticipated improvement in utility sector performance. Mitigating factors include the authorities' sustained commitment under the EFF and RSF programs, the closely monitored implementation of the EMV program, and the deepening of the reforms supported through this DPF series and broader WBG engagements.

Figure 1. Nominal Public Debt Remains on a Declining Path Under a Primary Balance Shock

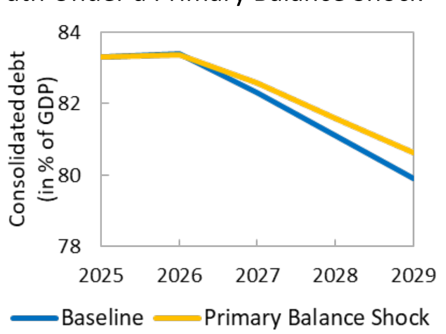
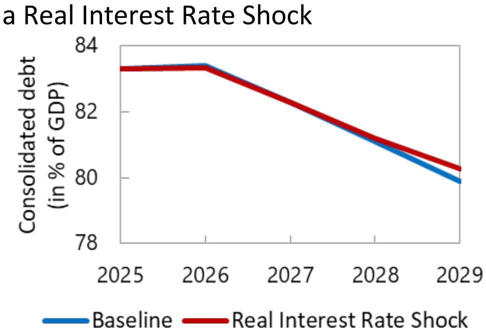


Figure 2. Debt Dynamics Remain Manageable Under a Real Interest Rate Shock



Source: MoF, CBJ, IMF, World Bank Staff Calculations. Note: Stress tests reflect standard MAC-DSA calibrations, including a permanent 0.7-percentage-point deterioration in the primary balance and a sustained increase in real interest rates of about 200 basis points relative to the baseline.

[6] https://www.ssc.gov.jo/wp-content/uploads/2026/02/JOR_Actuarial-Report-11th_20250312_1.pdf

27. **Debt dynamics are assessed as sustainable, although the impact of the conflict is weighing on the near-term outlook.**[7] Consolidated general government debt stood at 82.8 percent of GDP in 2025 (vs. 82.1 percent in 2024). Jordan benefited from a favorable external environment in 2025, which eased financing conditions and reduced liquidity and refinancing risks. The authorities used this window to strengthen buffers and manage rollover risks, while modestly increasing capital spending to support medium-term growth, rather than front-load fiscal consolidation. As a result, the gains supported macroeconomic stability and fiscal resilience with debt reduction expected to continue gradually. Continued fiscal consolidation is projected to reduce the debt-to-GDP ratio, reaching slightly above 80 percent in 2028 under the baseline scenario. Stress tests indicate that the debt-to-GDP ratio remains on a downward path under most shocks (Figure 1 and 2), supported by Jordan's stable market access, predictable concessional financing, and donor support. Under the real GDP growth shock, or a severe combined macro-fiscal shock, debt dynamics do not veer onto an unsustainable trajectory. While contingent liabilities from the utilities sector pose risks, ongoing reforms, including reduced technical and operational losses in NEPCO and progress in lowering non-revenue water, are beginning to improve financial performance and should lower the need for government transfers. Pension reform is also critical to preserving long-term fiscal and debt sustainability and mitigating future pressures on public finances.

C. IMF Relations

28. **The IMF EFF, approved in January 2024, focuses on maintaining macroeconomic stability, safeguarding the exchange rate peg, advancing fiscal consolidation and supporting public debt sustainability while safeguarding social spending and investment, strengthening financial sector oversight, and addressing utility sector challenges**. These reform areas are aligned with WB analytical work and operational engagements, including fiscal management, financial sector development, and utility sector reform. The IMF's RSF supports climate-related fiscal and financial reforms and complements WB initiatives on green finance and resilience. On June 17, 2026, the IMF Executive Board completed the fifth review under the EFF and the second review under the RSF arrangements, making available about US$134 million under the EFF and US$54 million under the RSF. The IMF noted that Jordan has maintained macroeconomic stability despite strong regional headwinds, supported by prudent policies, continued reform implementation, and robust international support, and that program performance remains strong.

III. PROPOSED OPERATION

A. Link to Government Program, CPF, other WBG operations, and Corporate Priorities

Link to Government Program

29. **This DPF series supports the implementation of Jordan's EMV, including its recently updated Executive Program, and the Public Sector Modernization Roadmap.** Together, they set a ten-year reform agenda to accelerate growth, improve service delivery, and promote sustainability, with a strong focus on improving conditions for private investment, job creation, and productivity growth. Developed through extensive public-private consultations and engagement with development partners, the EMV places the private sector at the center of job creation – particularly for youth and women – and prioritizes reforms to enhance competitiveness, expand access to finance, green economy, and strengthen women's economic participation. There is a dedicated gender pillar embedded in the EMV and its Executive Program, with time-bound actions on flexible work, skills, childcare, and access to finance.

30. **This second operation retains the Program Development Objective (PDO) of the first DPF, which is to improve the enabling business environment and deepen access to finance for private sector-led growth.** While Jordan has scaled up reform ambition in areas critical for resilient and inclusive growth, structural and institutional constraints continue to weigh on private investment and job creation. Recent diagnostics – including the CPSD 2.0, FSAP Update, the Jobs and Growth

[7] The debt sustainability analysis accounts for the budgeted amounts of grants and their historical decreasing trend.

Report, and analytical work under Growth MDTF – highlight the need to enhance market contestability in key sectors, modernize the licensing regime, deepen capital markets, diversify access to finance, and increase labor market flexibility and social protection as ways to help private investment translate into productive job creation. This operation responds to these priorities by advancing a sequenced set of reforms that lowers entry and operating costs, enhance labor market flexibility and inclusion, strengthen digital enabling environment, and broaden financing channels.

Link to CPF, WBG Strategy, and Corporate Priorities

31. **The operation is fully aligned with the World Bank Group's Jordan Country Partnership Framework (CPF) for FY24–29** (approved in March 2024), contributing to High-Level Outcome 1 on creating more and better private sector jobs (the overarching objective across the DPF series), High-Level Outcome 2 on improved human capital outcomes (through social protection and labor market reforms), and High-Level Outcome 3 on increased resilience and sustainability (through green finance, climate risk management, and renewable energy reforms).

32. **The DPF series supports the WBG corporate priorities on jobs and economic transformation by strengthening conditions for private investment and competition, expanding access to finance, and enabling more flexible and formal employment** – the reforms are expected to support the creation of more productive jobs, including for youth and women. The series is aligned with the CPF's jobs focus by addressing binding constraints to firm entry (licensing and competition reforms), growth (diversified access to finance, digital enablers, and labor market reforms), and market expansion (electricity, public procurement reforms) while strengthening the foundations for higher productivity and inclusion.

33. **The operation aligns with the World Bank's Maximizing Finance for Development (MFD-e) approach and the private investment enabled is counted towards Private Capital Enabling (PCE).** The DPF supports policy and regulatory reforms that enable private capital across capital markets, financial intermediation, infrastructure, and business regulations. High PCE-potential channels include: (i) PA2 (electricity) enables at least 120 MW of new privately financed renewable capacity (≈US$120 million counted toward PCE at the DPF2 stage, out of the total broader RI3 target of US$150 million); (ii) PA6 deepens capital markets and, along with PA7, expands access to financing via new data sources and provide potential for measurable private lending growth. Together, they are expected to enable around US$500 million (RI11) in cumulative new private capital inflows in 2026-2028; (iii) PA8 (Green Taxonomy; climate-related regulations) helps establish and advance the foundation for green lending and investment, with an estimated PCE around US$230 million (RI13) by end-2028 of bank green lending. Additional PCE potential is supported under PA1 (Sectoral Licensing Reform) and PA5 (digital payments and Light Business Accounts), which further reduce entry barriers and transaction costs for MSMEs. The total PCE estimate is US$850 million.

34. **Several PAs directly target Jordan's persistently low female labor market outcomes and gender gaps in access to finance.** Women's economic participation continues to be constrained by limited demand for labor, rigid work conditions, care responsibilities, mobility constraints, and limited access to financial assets. The EMV aims to double FLFP from 14 to 28 percent, and create 1 million jobs for youth and women, while the National Financial Inclusion Strategy (2023–2028) seeks to increase women's account ownership from 31 to 46 percent and halve the gender gap in digital payments. Several reforms aligned with the Women, Business and the Law index took place, including prohibiting discrimination, removal of restrictions on certain professions and working hours, ensuring pay equity and facilitating flexible work arrangements to ensure work-life balance. The current flexible work system in the labor law allows firms to hire remote and part-time workers, however, this is not sufficient to attract women. Although women who work are more likely to work on a part-time basis than men (14 vs. 9 percent)[8], evidence shows that Jordanian women seek better work conditions and protection when considering employment opportunities.[9] PA4 introduces proportional social security contributions and benefits for flexible work

[8] https://ilostat.ilo.org/data/bulk/
[9] Women are more likely to be employed in the public sector, mainly due to shorter hours and better benefits, including social security.

arrangements[10], incentivizing employers to offer protected flexible work, and attracting more women to consider working in the private sector. International experience suggests that flexible work arrangements, when combined with social insurance coverage, can support higher female labor force participation.[11] Progress will be tracked through an increase in the number of active private-sector contributors registered with the SSC, disaggregated by gender and age, including an increase in female contributors by 16 percent between 2026 and 2028.

35. **In addition, the introduction of Light Business Accounts (LBAs) supports women's financial inclusion and use of digital transactions by enabling women-owned micro and small enterprises and self-employed women to enter the formal banking system through simplified, risk-based accounts.** Women's ownership of accounts is lower than men's (31 vs. 56 percent), and about 90 percent of women-owned enterprises are home-based, with little or no access to business accounts. Access to LBAs allows women to safely store funds, conduct digital payments, and build a financial footprint, which international evidence shows is a critical stepping-stone toward access to credit and business growth for women entrepreneurs.[12] Progress will be monitored through the number of active LBAs, with a target of 50,000 accounts, of which at least 15,000 held by women or women-owned businesses.

36. **The operation aligns with the goals of the Paris Agreement**. The PAs are consistent with the country's NDC, NAP, and Green Finance Strategy 2023-2028. Reforms facilitate green finance (National Green Taxonomy; climate disclosure and reporting regulations), enable greater private investment in renewable energy and storage (electricity market reform), and strengthen financial resilience against climate shocks by expanding digital payments and digital finance that reduce service disruptions during extreme events, such as flash floods that limit access to physical service points. At the same time, none of the PAs are expected to materially increase emissions or increase exposure to climate risks; on the contrary, several PAs directly support Jordan's low-carbon transition and climate adaptation. No material adaptation or mitigation-related risks have been identified (see Annex 2 for detailed assessment and bottom-line conclusion).

37. **Several PAs generate climate mitigation and adaptation co-benefits.** PA2 enables greater private investment in renewable energy generation, supporting a cleaner energy mix; the resulting 120 MW of new renewable capacity is estimated to avoid approximately 0.15–0.16 million tons of CO_2 per year once fully operational.[13] PA8 strengthens the green finance ecosystem by operationalizing the National Green Taxonomy and mandating climate-related disclosure, improving the alignment of financial flows with low-carbon and climate-resilient investments – with an estimated US$230 million of new green financing enabled by 2028 – and strengthening management of physical and transition climate risks in the financial system. Digitalization reforms under PA3 and PA5 (first-of-their-kind) generate additional mitigation and adaptation co-benefits by enabling paperless and remote transaction workflows, reducing emissions from paper use, in-person visits, and logistics. PA3 supports establishment of a legal basis for fully electronic and remote notarization (and other types of transactions), including transactions initiated from outside the Kingdom (about 350,000 notarization transactions were recorded in 2024, with zero electronic transactions at baseline). PA5 is estimated to reduce GHG emissions by around 23,000 tons of CO_2 equivalent per year through end-to-end digital government payments, while PA3 is estimated to generate 4,000-6,000 tons of CO_2 equivalent per year in avoided emissions through electronic transactions and remote notarization.[14] In addition, PA3 and PA5 enhance resilience by improving the continuity and reach of government and legal

[10] Number of women subscribers in SSC has steadily increased, mainly due to maternity and childcare benefits. Allowing flexible workers to benefit from maternity and childcare benefits will incentivize more women to enter the labor force and seek flexible work arrangements.

[11] Examples are in Chile, Türkiye, and Uruguay. In 2017, Jordan issued the Flexible Work Bylaw, which was amended in 2024.

[12] Women with business accounts are 20–30% more likely to grow their enterprise (World Bank Findex; IFC MSME's Assessments).

[13] PA2 is treated as predominantly mitigation because the supported legal and regulatory changes are designed to enable large-scale private investment in renewable generation, storage, and renewable-enabling transmission. The General Electricity Law de facto focuses on renewables given its focus on "safe, adequate, reliable, and affordable" electricity energy. For Jordan as fuel importer, its least cost generation planning yields renewables on economically justifiable basis even when climate pricing is taken into account. The Law defines key concepts and arrangements related to renewables and does not cover fossil fuel related arrangements. It works in coordination with the Renewable Energy and Energy Efficiency Law. PA-2 explicitly relates to renewables and storage thereof, as stipulated in Article 7 of the Law.

[14] PA3 yields mitigation co-benefits as it represents a first-of-its-kind shift toward end-to-end electronic transactions – incl. fully electronic and remote public notary services that previously required physical presence – thereby enabling structural reductions in paper-based processing, in-person visits, and transaction-related travel.

services during climate-related disruptions, enabling households and firms to receive routine payments, emergency support, and complete essential transactions without reliance on physical access or cash-based channels.[15] This is relevant where flash floods or extreme heat temporarily hinder travel and access to physical service centers, including for citizens and firms located outside main urban centers and for Jordanians abroad who otherwise depend on in-person procedures.

Link to other WBG operations and One WBG approach

38. **This DPF complements other WBG operations, together advancing a coherent reform agenda across policy, investment, and institutional strengthening.** These include: Youth, Technology and Jobs Project (P170669), supporting digital economy skills and platforms; Innovative Startups and SMEs Fund 2.0 (P507684), catalyzing early-stage equity and venture capital; Inclusive, Transparent and Climate Responsive Investments Program for Results (PforR) (P180285), advancing sectoral licensing, investment promotion, and green finance; the Electricity Sector Efficiency and Supply Reliability PforR (P507206), enabling private participation in energy generation and transmission; Jordan People-Centric Digital Government PforR (P180291), strengthening digital public service delivery and government-to-citizen interfaces; Support to Resilient and Sustainable Social Protection (P512635) and Enhancing Women's Economic Opportunities PforR (P180508), promoting female labor force participation, entrepreneurship, and financial inclusion; among others. These operations provide implementation support and financing that complement the DPF policy actions, helping translate regulatory reforms into uptake and results. The operation draws on analytics under Growth MDTF, CPSD 2.0, Jobs and Growth Report, and the FSAP Update. MDTF-financed programs provide analytical and advisory support across reform areas under this DPF series.

39. **IFC engagements complement and reinforce the DPF series by supporting market development and private investment.** IFC has advisory and investment engagements in energy and mining, benefitting from electricity market liberalization under PA2 and the mining Indicative Trigger. In sustainable finance, IFC is working with commercial banks on green finance frameworks, issuance of green bonds, creating strong market uptake potential for the National Green Taxonomy and climate-related financial regulations supported under PA8. IFC's engagement on MSME finance, including supply-chain finance, is expected to scale up as DPF-supported reforms strengthen credit infrastructure, enable alternative data use, and modernize the cash-flow based financing framework. IFC is engaged in capital markets development, including with the Amman Stock Exchange and market intermediaries, reinforcing the impact of capital market modernization reforms under PA6. IFC's advisory work on sectoral licensing and business registration reforms provides an implementation bridge for the licensing simplification reforms supported under PA1. Together, these engagements illustrate a mutually reinforcing One WBG approach: DPF-supported policy and regulatory reforms reduce entry barriers and investment risks, while IFC engagements accelerate market adoption, crowd-in private capital, and increase the scale and impact of reforms.

40. **Lessons learned from previous DPFs in Jordan, including DPF-1 in this series, were incorporated into the design of the proposed DPF series.** Experience in Jordan highlights the importance of focusing on a manageable set of high-impact

[15] *Methodological note on GHG emissions estimates.* Emissions estimates are based on conservative and transparent assumptions, reflecting the first-of-its-kind nature of the supported reforms and the absence of prior uptake for the relevant digital workflows. For enabling and digitalization reforms, no historical emissions baseline exists; therefore, avoided emissions are estimated relative to a counterfactual in which prevailing paper-based, in-person, and cash-based processes continue ("zero-uptake" baseline). For PA2, avoided emissions from renewable energy generation are estimated assuming that 120 MW of new renewable capacity substitutes fossil-fuel-based electricity. Annual generation is calculated using a conservative 25 percent capacity factor (approximately 263 GWh per year) and a grid emission factor of 0.6 tCO_2/MWh, yielding indicative avoided emissions of approximately 158,000 tons of CO_2 per year once fully operational. This represents a steady-state annual estimate and excludes lifecycle emissions and broader system effects. For PA5, official data indicate that at least 5.5 million government outgoing payment transactions were processed annually in 2024. Each payment shifted to an end-to-end digital workflow is conservatively assumed to avoid one beneficiary round trip, limited paper use, and at least one courier or internal logistics step. Using standard transport and paper emission factors, these assumptions imply avoided emissions of approximately 4.25 kg CO_2e per transaction, resulting in avoided emissions of about 23,000 tons of CO_2 equivalent per year, representing a conservative lower-bound estimate. The calculation reflects avoided emissions per transaction relative to pre-reform processes and does not assume changes in payment volumes or beneficiary behavior beyond the shift from physical to digital workflows. For PA3, the estimate covers the broader set of routine electronic transactions enabled by the amendments to the Electronic Transactions Law and the remote notarization framework. It conservatively assumes that around 2–3 million transactions per year shift from in-person, paper-based processing to electronic completion, representing a small share of in-scope transactions. Approximately 5 percent of these are assumed to originate from outside the Kingdom, for which electronic completion avoids international travel to Jordan. Averaged across domestic and cross-border transactions, avoided emissions are estimated at 1.5–2.5 kg CO_2e per transaction, resulting in indicative avoided emissions of approximately 4,000–6,000 tons of CO_2 equivalent per year.

reforms, sequencing actions to balance ambition with institutional capacity, and allowing sufficient time for results to materialize, particularly where reforms require regulatory issuance, market adjustment, or behavioral change. The design reflects lessons on the value of policy continuity across operations, by carrying forward and deepening reforms initiated under earlier DPFs rather than introducing fragmented measures. In addition, consistent with findings from diagnostics, greater impact is achieved by combining economy-wide reforms (licensing, competition, payments, and financial infrastructure) with targeted sectoral measures (electricity, mining, capital markets, and green finance).

Progress with DPF-1 implementation

41. **The first operation in the series has delivered tangible policy and institutional reforms, demonstrating strong Government ownership and steady progress toward the program's objectives.** Under Pillar 1, amendments to the Customs Law, Labor Law, and Competition Law were enacted by Parliament; CCD has been modernizing its database and monitoring capabilities, including linked to the implementation of Corporate Governance Instructions on female representation. Under Pillar 2, access to finance reforms have showcased strong implementation momentum: CBJ has been advancing licensing of Finance Companies under the improved regime supported by DPF-1; usage of digital credit reports grew exponentially; gender-disaggregated credit and NPL data has been published; the first graduates of the CBJ's Fintech Regulatory Sandbox are expected in 2026. Progress toward the result indicators has been encouraging, with several already achieved, for example, the number of credit reports issued through digital channels has reached 116,000 – far exceeding the initial target of 12,000; all banks have amended or adopted new internal policies/strategies on climate risk management; US$8.3 million has been collected in the Insurance Policyholders Protection Scheme.

B. Prior Actions, Triggers, Expected Results and Analytical Underpinnings

42. **DPF-2 deepens the reform areas supported under DPF-1.** Several Indicative Triggers from DPF-1 have been achieved, allowing DPF-2 to focus on complementary, high-impact measures that strengthen continuity across the series. All PAs build on areas covered under DPF-1 and include major reforms such as whole-of-government digital payments and sectoral licensing, electricity market liberalization, modernization of credit infrastructure and capital markets, and green finance enablers. Recognizing fiscal sustainability as a cornerstone of Jordan's growth agenda, DPF-2 introduces Indicative Triggers to sustain progress in this area. Six of the nine PAs are either carried forward from DPF-1 Indicative Triggers or represent upgraded versions of them; the remainder reinforce outcomes in the same reform areas. Where reforms require legislation, the series is sequenced to acknowledge legislative approval processes, with DPF-1 and DPF-2 supporting preparatory steps and DPF-3 focusing on implementation, balancing reform momentum with prudence. The results framework has been designed to capture meaningful and attributable outcomes at the program level, rather than mechanically mirroring each individual PA. Where relevant, results are supported by clusters of mutually reinforcing PAs and complemented by sustained technical assistance and operational engagement to strengthen the results chain.

43. **The reforms supported under the two pillars of this operation help address structural challenges that continue to shape private investment and job creation in Jordan and are designed to translate policy and regulatory changes into measurable improvements in firm entry, investment, and employment outcomes.** Under Pillar 1, the focus is on improving the business environment by reducing compliance and input costs, strengthening digital enablers, regulatory predictability, labor market flexibility, and fostering competition in key markets. Under Pillar 2, reforms aim to expand and diversify access to finance, boost government digital payments, enable cash-flow-based MSME financing, deepen capital markets, and strengthen resilience through green finance and insurance reforms. Together, the two pillars address both cost and risk constraints facing firms and the availability and quality of financing, thereby supporting productivity-enhancing investment, job creation, and a more competitive, inclusive, and resilient private sector in line with EMV.

44. **The reform program benefits from strong government ownership and an implementation framework to mitigate capacity and political economy risks.** This is reinforced by accountability under the EMV Executive Program, including Prime

Ministry and Cabinet-level oversight and escalation mechanisms to resolve cross-ministerial bottlenecks, and by Jordan's track record in implementing cross-government reforms. While some measures may face resistance from stakeholders, implementation is supported through coordination and stakeholder engagement. Capacity varies across institutions, but experience under DPF-1 indicates it is adequate and reinforced by cross-ministerial coordination, targeted technical assistance mapped to key PAs (including through the Growth MDTF), complementary PforR and Investment Project Financing operations and WBG engagements. For measures involving submission of draft legislation to Parliament, historical legislative processes in Jordan indicate that parliamentary deliberations generally focus on technical clarifications, maintaining the core policy intent of the draft legislation. Engagement will continue, with monitoring of adoption, enactment/publication, and secondary legislation through the Indicative Triggers and during preparation of DPF-3.

Pillar 1: Improve the enabling business environment.

Prior Action 1. To reduce business compliance costs, the Council of Ministers has approved implementation arrangements for sectoral licensing reform that are binding on all sectoral regulators, including the executive regulatory rules, a comprehensive and time-bound reform action plan, and the application of the verification tool, pursuant to Decisions No. 8153 and No. 1109 both dated 4 May 2026.

Indicative Trigger 1. To enhance competition, the Borrower has operationalized the amendments to Competition Law, through adoption of secondary legislation.

45. **Rationale.** Sectoral licensing is applied in a fragmented manner and with limited risk differentiation, creating overlaps across agencies, delays, and high compliance costs. By 2024, one in five firms cited licensing and permits as a major constraint – double the 2013 level – while the share of management time devoted to compliance doubled.[16] These barriers discourage formalization, deter investment, and weigh especially on SMEs and women-owned businesses. They also hold back high-potential sectors, where rigid licensing requirements generate significant entry barriers.[17] Licensing reform goes hand in hand with strengthening the competition framework, as effective market entry and fair competition mutually reinforce private sector competitiveness. The licensing reform therefore focuses on priority licenses with the highest impact on firm entry, operating costs, and investment decisions.

46. **Policy content.** PA 1 supports the adoption of implementation arrangements for sectoral licensing reform through the Council of Ministers' Decisions comprising executive regulatory rules, reform action plan, and the application of the verification tool.[18] Together, they institutionalize a unified, risk-based approach to licensing, transforming the 2019 Sectoral Licensing Policy into an enforceable system.[19] Unlike the 2019 Policy, the new framework establishes binding obligations, standardized review criteria, and time-bound implementation requirements across all regulators. The Action Plan sets clear responsibilities and timelines for simplifying or eliminating licenses. The verification tool ensures standardized metrics to verify progress, and the regulatory rules establish binding requirements for licenses to be justified, streamlined, or abolished.[20] Accountability is enforced by the Investor Journey Ministerial Committee to track implementation and escalate non-compliance. The reform complements ongoing licensing-related efforts under the Inclusive, Transparent, and Climate-Responsive Investments PforR. The Indicative Trigger advances competition reform initiated under DPF1, reinforcing the impact of licensing simplification by promoting contestable markets.

[16] World Bank Enterprise Survey.
[17] Jordan Country Private Sector Diagnostic 2.0. Forthcoming.
[18] Verification Tool means the instrument approved pursuant to the Council of Ministers Decision No. 6189/2/16/31 dated March 13, 2025, for the purpose of verifying compliance of sectoral licensing reforms with approved good regulatory practices established in the Sectoral Licensing Policy of 2019.
[19] The sectoral licensing regulatory rules were published in Official Gazette issue No. 6049 on May 7, 2026.
[20] It is important to note that digitalization of licenses is also a key objective. However, experience shows that moving to digital platforms without addressing legal fragmentation, duplicative roles, and unclear requirements often results in systems that do not reduce burdens. The executive regulatory rules therefore embed digital transformation but positions it after the necessary regulatory and legal reforms to ensure that digital solutions reflect a coherent, streamlined licensing framework.

47. **Expected results.** The reform is expected to reduce business compliance costs through the simplification or elimination of sectoral licenses. By 2028, at least 20 priority licenses (or 40 percent of the 49 priority licenses identified in the reform action plan and the Council of Ministers Decision of March 2025) are expected to be abolished or simplified, representing a substantial, high-impact share of regulated businesses.[21] Each newly reformed license will reduce business compliance costs by 20-30 percent on average. In parallel, stronger competition enforcement, supported by DPF-1 and DPF-3, is expected to lead to at least 16 investigations of anticompetitive practices by 2028 (baseline: 10, cumulative in 2022-2024), reflecting strengthened investigative capacity under the amended law.

Prior Action 2. To unlock competition and increase private sector investment in renewable energy and independent power transmission infrastructure, the Borrower has enabled the licensing of owners and operators of independent electricity transmission systems, independent power generation for self-consumption purposes, and energy storage facilities, pursuant to the enactment of General Electricity Law No. 10 (2025) and Bylaw No. 58 (2025).

Indicative Trigger 2. To enhance competition and attract qualified private investment in the mining sector, the Ministry of Energy and Mineral Resources has modernized the licensing and concession framework for exploration and mining rights, including standardized investor rights and obligations, non-discretionary or competitive allocation procedures, through amendments to the Natural Resources Law.

48. **Rationale.** The electricity and mining reforms, led by the Ministry of Energy and Mineral Resources, form part of a coordinated agenda to strengthen competition and investment in energy-intensive sectors. Jordan's electricity sector operates under a single-buyer model, with NEPCO as the sole wholesale purchaser and owner of the high-voltage transmission grid, limiting competition and keeping electricity costs high for industrial and commercial users, including mining. This structure restricts access to affordable renewable power, limits off-grid and wheeling arrangements, and requires substantial publicly financed transmission expansion as grid capacity tightens. Under the existing model, these costs fall on NEPCO and the budget while the new framework enables private financing and operation of generation, storage, and transmission assets, easing public financing pressures. These constraints are particularly binding for energy-intensive activities such as mining, where electricity costs strongly influence investment decisions. Access to affordable renewable energy will also benefit SMEs by lowering input costs and supporting participation in competitive value chains.

49. **Policy content.** The General Electricity Law authorizes independent transmission systems, new power generation, and energy storage, enabling a phased transition from the single-buyer model toward a more competitive market in which eligible consumers and distributors can contract directly with generators.[22] Implementation is supported by Energy and Minerals Regulatory Commission regulations, with MEMR conducting annual readiness reviews. Together, these measures crowd in private capital, reduce reliance on publicly financed capacity expansion, and create new wheeling and system-access revenue streams for NEPCO, easing fiscal pressures over time. The reform applies primarily to new demand and investments, while existing supply arrangements remain unchanged. The Indicative Trigger complements the electricity reform by modernizing mining sector licensing under the same ministry-led agenda, strengthening competition and transparency through standardized terms and allocation procedures. Sequenced together, the PA and Indicative Trigger leverage synergies between electricity and mining sector and form a coherent reform pathway in which lower electricity input costs and improved mining sector contestability jointly support private investment in energy-intensive activities.

[21] Licensing prioritization was completed and formally endorsed through a COM in March 2025, informed by a WBG assessment. The assessment combined legal analysis, economic and development impact criteria, and institutional readiness, with the economic analysis considering the number of firms affected, employment generation, contributions to GDP and exports, and local development impacts. The targeted reduction in compliance costs will be achieved through license streamlining or elimination, including simplified procedures, reduced processing times, fewer documentary requirements, and the removal of annual renewals. New firms will benefit from streamlined or eliminated entry requirements, while existing firms will benefit from the elimination of renewal requirements.

[22] In parallel, Jordan enacted amendments to the Renewable Energy and Energy Efficiency Law (Law No. 13 of 2012, as amended by Law No. 12 of 2024), which complement the broader electricity-sector reform agenda, including by strengthening the framework for decentralized renewable energy integration and related electricity transactions.

50. **Results.** By 2028, the reform is expected to enable at least 120 MW of privately financed (≈ US$120 million) renewable-energy capacity through open-access arrangements (baseline: 0).[23] Increased competition and private participation are expected to reduce electricity costs, lower fiscal pressures on NEPCO, and generate employment across renewable generation, transmission, and related value chains, supporting Jordan's green competitiveness and NDC objectives. The Result Indicator captures the joint private investment response, tracking cumulative private capital enabled through: (i) renewable generation and transmission projects; and (ii) minimum capital commitments under newly awarded mining concessions, with a total target of at least US$150 million by end-2028.

Prior Action 3. To facilitate cross-border digital trade and promote electronic transactions, the Council of Ministers has submitted to Parliament a legislative reform package that: (a) expands the scope of transactions allowed to be conducted electronically and establishes a framework for the recognition of foreign digital certificates; and (b) enables electronic and remote notarization, including for transactions originating outside the Borrower's territory; and consisting of Draft Amendments to the Electronic Transactions Law and the Notary Public Law submitted to Parliament pursuant to Prime Minister's Letters No. 20542 and 20544 dated September 15, 2025.

Indicative Trigger 3. To facilitate cross-border digital trade and promote electronic transactions, the Ministry of Digital Economy and Entrepreneurship has operationalized the amendments to the Electronic Transactions Law, through implementing regulations, particularly a regulation that defines the mechanisms and standards for the recognition of cross-border digital certificates.

51. **Rationale.** Jordan's ability to scale digital transactions, expand digital government services, and participate in cross-border digital trade has been constrained by gaps in its legal framework. The 2015 Electronic Transactions Law excluded key categories of transactions – most notably those requiring notarization – creating legal uncertainty and limiting the scope of services that could be completed electronically. In parallel, the absence of a framework for recognizing foreign digital certificates restricted interoperability with international digital trust ecosystems, raising costs and barriers for firms engaged in cross-border activity. Outdated provisions in the Notary Public Law further required physical presence and paper-based procedures, disproportionately affecting SMEs, professional services firms, and Jordanian citizens and businesses abroad. These constraints increased administrative burdens, reduced efficiency, and limited participation in digitally enabled and cross-border services. Addressing these legal gaps is a prerequisite for scaling digital trade, enabling end-to-end digital service delivery, including continuity of essential transactions during climate- or shock-related disruptions that limit physical access, and integrating Jordan into global digital markets.

52. **Policy content**. The amendments to the Electronic Transactions Law modernize Jordan's framework for electronic transactions and digital trust by: (i) removing prior exclusions that limited the legal validity of electronic transactions; and (ii) establishing a legal basis for recognizing digital certificates issued by foreign trust service providers. The Indicative Trigger ensures that this legal recognition is translated into operational interoperability through implementing regulations defining technical standards, verification mechanisms, and trust anchors. Complementary amendments to the Notary Public Law align notarial procedures with the updated Electronic Transactions Law by enabling electronic notarization, recognizing electronic signatures and records within notarial acts, and allowing remote notarization through audiovisual technologies, including transactions initiated from outside the Kingdom. Together, these reforms establish a secure legal foundation for fully digital public and private services, reduce transaction costs, and provide legal certainty for domestic and international counterparties, in line with the CPF and EMV.[24]

[23] Authorities will report progress on the incremental privately financed renewable energy capacity commissioned (MW). For purposes of this Results Indicator, the associated private capital will be estimated by applying an indicative unit investment cost assumption of US$1 million per MW (i.e., 1 MW ≈ US$1 million), consistent with the operation's PCE/PCM costing approach.

[24] The amendments were enacted as Law No. 1 of 2026 amending the Electronic Transactions Law and Law No. 3 of 2026 amending the Notary Public Law, both published in Official Gazette issue No. 6038 on March 5, 2026.

53. **Results**. By 2028, at least 20 percent of annual notarization transactions – domestic or cross-border – are expected to be completed electronically, without physical presence or handwritten signatures (baseline: 0). Jordan recorded 350,000 notarization transactions in 2024, of which 298,000 were first-time transactions and the rest certified-copy transactions. The target reflects an ambitious but realistic uptake path, accounting for phased implementation, regulatory sequencing, and user familiarization. Beyond notarization, the reform is expected to generate efficiency gains by enabling legally valid end-to-end digital transactions, including contracts, authorizations, and cross-border documentation.

Indicative Trigger 4. To promote MSME participation and effective access to public procurement contracts, the Council of Ministers has directed all public procuring entities to operationalize procurement processes through Jordan Online E-Procurement System (JONEPS), and Public Procurement Committee issued a decision to publish – through JONEPS – the number and value of contracts awarded to MSMEs.

54. **Rationale.** Although MSMEs account for most firms in Jordan, their access to stable markets remains limited, constraining the ability to scale, invest, and create jobs. International experience shows that transparent, digital public procurement systems play a catalytic role in MSME growth by providing reliable revenue streams, strengthening creditworthiness, and supporting learning-by-doing. In Jordan, MSME participation in public procurement remains below levels observed in more advanced economies, reflecting barriers throughout the procurement cycle – from information asymmetries at the pre-bidding stage to procedural complexity and limited visibility of contract awards. Between 2018 and 2022, around 1 percent of large firms captured 60 percent of total procurement value, while the average contract awarded to MSMEs was only about JOD 10,000. Limited access to larger and repeat contracts restricts MSMEs' ability to professionalize and leverage procurement revenues to access finance. Strengthening MSME access to public procurement can enhance competition, improve value for money, and support private sector-led growth.

55. **Policy content.** This Indicative Trigger deepens public procurement reforms initiated under DPF-1 by mandating the use of JONEPS across all public procuring entities and strengthening transparency of procurement outcomes for MSMEs. It will standardize procedures, reduce discretion, and lower transaction costs via a single digital entry point for tendering and outcome tracking. The Trigger also requires systematic monitoring and public disclosure of the number and value of contracts awarded to MSMEs through JONEPS. These measures shift public procurement from procedural modernization toward a results-oriented instrument for expanding MSME market access and strengthening accountability, reinforcing the competition and inclusion objectives of the DPF series.

56. **Results.** This Indicative Trigger contributes to the updated version of the Result Indicator introduced under DPF-1, which now tracks the share of public procurement contracts' value awarded to MSMEs, with a target increase from an estimated 41.5 percent in 2024 to 45 percent by 2028.[25]

Prior Action 4. To expand access to skilled labor and flexible work with social insurance coverage, the Ministry of Labor has reduced work permit fees and extended the duration of work permits for highly skilled foreign workers, and the SSC has established proportional social insurance coverage for flexible work arrangements, all pursuant to the adoption of the Work Permits Fees Bylaw No. 31 (2025), the Minister of Labor Decision No. 54 of 2025, and SSC Complementary Instructions No. 81 of 2025.

Indicative Trigger 5. To support labor formalization and improve coverage under contributory schemes, the Borrower has introduced regulatory measures to expand contributory coverage for workers in flexible and other non-standard work arrangements.

[25] As JONEPS currently does not identify MSMEs, the baseline is interpolated from the total value of public procurement recorded in JONEPS and the estimated share of MSMEs in the total value of public procurement, according to an MSME survey for 2018-2021. The survey estimated that the total procurement average per year is about JOD 820 million.

57. **Rationale.** A modern and flexible labor market framework is critical for growth and formal job creation in Jordan. Greater flexibility allows firms to respond to changing demand and adopt new business models, while job flexibility, coupled with adequate worker protection, supports formalization and labor force participation, particularly among women. Protections such as maternity insurance and childcare-related benefits can increase the attractiveness of formal employment for women, particularly where part-time and flexible work arrangements are available. To increase FLFP, the private sector can offer more attractive work options for women, including part-time and flexible jobs that provide the protections and benefits women seek. At the same time, flexible and remote work arrangements face gaps in contributary coverage for non-standard workers. Closing these gaps, by extending the legal and regulatory basis for contributory coverage to flexible and non-standard work arrangements, supports both formalization and the long-term inclusiveness of contributory schemes. Underlying demographic trends, including population aging and rising longevity, will also require continued measures over the medium-term to strengthen the financial position of contributory schemes and preserve their inclusiveness. Together, labor-market flexibility, expanded contributory coverage access form a results chain that supports formalization, broadens worker protection, and preserves incentives for firms and workers to participate in the formal economy, while continued attention to the financial position of contributory schemes ensures these gains are protected.

58. **Policy content.** The reform introduces two complementary measures to increase labor market flexibility while expanding contributary coverage, which helps move Jordan's social protection system away from an "all-or-nothing" model toward proportional coverage that accounts for actual hours worked, allowing part-time and flexible workers to accumulate contributary rights and access to benefits. This improves labor market incentives for both workers and employers, without distorting hiring decisions. It benefits especially women, who are more likely to be economically inactive and unemployed than men, primarily due to rigid jobs, childcare, and mobility constraints. Proportional coverage allows them to access pensions, maternity, childcare and other contributary benefits while working reduced or flexible hours helps them manage care responsibilities and restrictive social norms, making labor force participation increasingly more attractive. First, the Ministry of Labor reduced fees and extended the duration of work permits for highly skilled foreign workers, facilitating access to specialized expertise and knowledge transfer to local hires.[26] Second, instructions establishing proportional contributions and registration for flexible workers were issued, ensuring that greater flexibility is matched by adequate social protection. The Indicative Trigger deepens support for labor formalization and the expansion of contributory coverage for workers in flexible and other non-standard work arrangements, such as platform workers, while ensuring the long-term fiscal sustainability of contributory systems as coverage expands. This reform – while not a standard business regulatory measure – is an important cross-cutting enabler of macro-fiscal stability and a predictable business environment, supporting investor confidence and limiting future pressures for abrupt contribution hikes that raise non-wage labor costs. Business environment reforms and broader contributary schemes coverage expand formalization and broaden the contributor base, complementing the broader labor market reform package.

59. **Results.** Impact will be measured by the number of active private sector insured persons (contributors) registered with the SSC, disaggregated by gender and age (Baseline: 841,339, of which 265,117 women and 298,136 youth; Target: 969,942, of which 307,161 women and 343,111 youth). This outcome-focused indicator captures the coverage and formalization effects of DPF-supported reforms to expand labor-market flexibility and support job creation. In addition, this PA and Indicative Trigger contribute to the DPF-1 results indicator on increased FLFP.[27]

[26] The reform supported by DPF-2 reduced fees by 30 percent; permits issued in the first six months of implementation exceeded the prior annual average, signaling that firms respond to lower fixed costs and improved predictability. The annual volume of skilled work permits has been on the order of 2,500, a small share of the labor force; however, research (incl. CPSD 2.0) and private-sector consultations point to significant spillovers through knowledge transfer and capability building among Jordanian workers, and note that such permits can be pivotal for multinational firms' decisions to establish or expand operations in Jordan.
[27] Given that PA4/IT5 bring together multiple complementary reforms, the indicators are set at the program level and capture their combined effects across the series (flexibility, social insurance coverage, and demand-side job creation), rather than attempting narrow attribution to individual measures.

Pillar 2. Deepen access to finance.

Prior Action 5. To expand financial inclusion and enable end-to-end whole-of-government digital payments: (i) the Borrower has mandated the implementation of a GFMIS module that authorizes payments and automatically transmits payment instructions to the CBJ-UGPI through end-to-end digital workflows (from authorization to settlement and delivery) without paper-based steps, and all public entities under Chapter 1 of the Budget Law are mandated to adopt this arrangement within 5 years and process all outgoing (G2P, G2B, G2G) payments through digital channels, through Prime Minister's Circular No. 13/11/1/2127, dated 27 January, 2026, and Minister of Finance Decision Letter No. 4058/1/12 dated February 10, 2026; and (ii) the Central Bank of Jordan introduced Light Business Accounts enabling simplified, risk-based account opening and usage for micro and small enterprises and self-employed individuals, through a CBJ Circular No. 18/3/11133 dated July 6, 2025.
Indicative Trigger 6. To expand financial inclusion and promote financial sector innovation and digital payments, CBJ expanded the existing open banking framework to cover all financial services through the Open Finance Regulation, and mandated all insurance companies to disburse claim payments to health service providers exclusively through digital channels, through the CBJ Circular.

60. **Rationale.** Despite progress in digitizing P2G and B2G payments,[28] Jordan's government entities have not yet adopted end-to-end digital payment workflows, resulting in inefficiencies, delays, and leakage risks. Digitizing government outgoing payments can reduce transaction costs by up to 70 percent and generate fiscal savings of 1 percent of GDP.[29] For firms, faster G2B settlement improves liquidity, competitiveness, and formalization – particularly for those engaged in public procurement – while reducing paper use and processing time. Digitizing outgoing government payments also strengthens auditability and financial management integrity. In parallel, LBAs enable wider use of digital payments and access to credit, expanding financial inclusion and account ownership for underserved self-employed and microbusiness owner groups, notably refugees, persons with disabilities, and women. Women account for about 3 percent of business owners in Jordan, and most women-led MSMEs and self-employed women remain unbanked due to complex procedures, documentation requirements, mobility constraints, and low financial literacy, limiting access to formal financial services and assets. Addressing these constraints helps bridge the gender gap in financial inclusion and account ownership.

61. **Policy content.** PA 5 supports a major reform to digitize outgoing government payments, anchored in the Unified Government Payment Interface (UGPI) operational at CBJ. Recent pilot in the Ministry of Justice has demonstrated feasibility (JOD 200 million in digital court-related payments to 300,000 beneficiaries); however, government payment workflows remain fragmented, and no entity has yet digitized the full payment cycle. To close this gap, the Ministry of Finance is enhancing the GFMIS with a module enabling authorization and digital execution of payments through UGPI, allowing automation from authorization to settlement and delivery. Prime Minister's Circular and Minister of Finance Decision mandate government entities to process all outgoing payments exclusively through digital channels within five years. In parallel, CBJ Circular introduces simplified, risk-based LBAs for micro and small enterprises, freelancers, and self-employed individuals, including in refugee camps. LBAs can be opened electronically and used for payments, collections, and limited credit, which is especially useful for self-employed women and women-owned micro and home-based businesses, who remain largely unbanked. By enabling digital onboarding and reduction of document requirements, LBAs help increase women's ownership of financial accounts. LBAs offer women enhanced opportunities to have their first formal financial

[28] Jordan's strong progress includes payment of most civil servant salaries into bank accounts, digital P2G and B2G payments through the SANAD ecosystem, and digital bill presentments through the eFAWATEERcom platform also impacting some government payment streams – handling 66 million transactions worth JOD 13.2 billion in 2024, nearly 80 percent digitally. This provides a foundation for extending digitalization to G2P and G2B payments.

[29] World Bank G2Px Initiative (2021), Digitizing Government-to-Person Payments. Shows examples where digital payments reduced transaction costs by 50–70 percent and improved delivery speed and accuracy. International Monetary Fund (2016), Financial Inclusion: Can It Meet Multiple Macroeconomic Goals?, IMF Staff Discussion Note, SDN/16/14. Estimates digitizing government payments can save 0.8–1.1 percent of GDP in developing countries.

footprint necessary for future access to credit and secure digital financial transactions, including G2P and G2B payments, allowing them to be autonomous, reduce mobility constraints and increase their income.[30,31] These reform measures ensure that digital government payments reach citizens and businesses at lower cost and with expanded inclusion. Indicative Trigger extends this foundation by enabling secure data sharing and interoperability across financial service providers.

62. **Results.** By 2028, at least 90 percent of government outgoing payments are expected to be processed through standardized, end-to-end digital workflows without paper steps (baseline: 0 percent), generate fiscal savings from reduced leakage and transaction costs, and help phase out paper check-based processing.[32] In parallel, at least 50,000 LBAs are expected to be active (baseline: zero), including at least 15,000 held by women or women-owned businesses.

Prior Action 6. To deepen capital markets and expand alternative financing options for firms, (i) the Borrower has submitted to Parliament Draft Amendments to the Securities Law modernizing the capital markets regulatory framework, pursuant to Letter No. 10683 dated May 18, 2026; and exempted mutual investment fund profits from income tax, thereby removing double taxation, pursuant to Council of Ministers' Decision No. 4968 dated 8 September 2025; and (ii) CBJ has introduced a debt-based crowdfunding, through Regulation No. 2026/2, dated January 15, 2026.
Indicative Trigger 7. To deepen capital markets, the Jordan Securities Commission has adopted relevant regulations, for example, detailed requirements to license and supervise equity-based crowdfunding platforms and activating a market-maker framework.

63. **Rationale.** Jordan's capital markets remain shallow, limiting the mobilization of long-term finance for businesses and infrastructure. SMEs rely predominantly on bank credit, with few alternative financing options. Structural constraints – including outdated securities legislation, limited product diversification, double taxation of collective investment schemes, gaps in investor protection, and missing legal enablers for market liquidity – constrain market development and investor participation and hinder the channeling of savings into productive investment and the attraction of foreign capital. Capital market development is inherently phased: while regulatory modernization is necessary, market depth also depends on issuer readiness, investor confidence, and product uptake. The measures under this PA remove regulatory constraints that inhibit market activity, with operationalization and market deepening expected to materialize gradually.

64. **Policy content.** The amended Securities Law modernizes the capital market framework by strengthening investor protection; recognizing and regulating market makers; embedding systemic risk mitigation and financial stability objectives into the regulator's mandate; establishing a legal basis for equity-based crowdfunding; improving transparency and oversight of cross-border activities, among other. The amendments were prepared in coordination between JSC and CCD to ensure legal coherence with the Companies Law.[33] In parallel, CBJ's regulation introduces debt-based crowdfunding, providing MSMEs with regulated access to alternative financing. Removing double taxation of mutual funds enhances returns for investors, fostering growth of collective investment schemes. These measures expand and diversify access to finance and deepen capital markets. The Indicative Trigger will complete the reform cycle with implementing regulations – including on market makers and crowdfunding supervision – to ensure enforcement and deepen investor participation.

65. **Expected results.** Results Indicator tracks private capital enabled through corporate securities issuance, IPOs, crowdfunding, cash-flow based financing, mutual fund inflows, corporate Sukuk issuance, and Fintech Sandbox solutions. During 2022–2024, corporate bond issuance averaged JOD 255 million annually, mutual-fund inflows were JOD 0.05 million, and no IPO, crowdfunding, corporate Sukuk, or supply-chain finance activity occurred – yielding a baseline of JOD 766

[30] Access to digital financial services increases women's income and labor supply by 11–20% (Aker et al., 2016; Dupas & Robinson, 2017).
[31] In India and East Africa, digital accounts led to higher self-employment rates among women and reduced intra-household constraints on women handling money.
[32] "End-to-end" refers to straight-through digital processing from payment authorization through successful settlement and confirmed delivery/credit to the recipient (covering all outgoing payments, including G2P, G2B, and G2G), with no paper-based steps.
[33] While outside the scope of this operation, continued modernization of the Companies Law would help further strengthen the business enabling environment, complementing the capital market reforms supported by DPF series.

million. The target of JOD 1.120 billion in cumulative flows (2026–2028) reflects ambitious yet feasible issuer/investor response, supported by WBG engagements on issuer readiness and product development, while recognizing that market depth will continue to depend on broader firm formalization, investor base diversification, and macro-financial conditions.

Prior Action 7. To facilitate cash-flow-based financing for MSMEs, CBJ has mandated all banks and licensed finance companies to start reporting business transaction data of MSMEs – including payment and receivable information relevant for credit assessment – within the data they provide to the licensed credit bureaus, pursuant to CBJ Circular No. 28/1/21260 dated 28 December 2025.
Indicative Trigger 8. To facilitate cash-flow-based financing for MSMEs, CBJ has mandated licensed payment service providers to report business transaction data of MSMEs – including payment and receivable information relevant for credit assessment – within the data they provide to the licensed credit bureaus, through CBJ Circular.

66. **Rationale.** MSMEs – over 99 percent of firms in Jordan – face an estimated credit gap of US$2-3 billion, driven mainly by limited collateral, weak credit information, and poor payment discipline particularly by large firms and public entities. Startups and women- and youth-led enterprises are disproportionately excluded from collateral-based lending. International experience shows that incorporating alternative information – such as business cash-flow data – into credit assessments expands MSME access to finance and reduces information asymmetries. These reforms are foundational for scaling cash-flow-based financing.

67. **Policy content.** The reform strengthens the foundation for cash-flow-based financing by expanding the data used in credit reporting. CBJ has issued a circular requiring banks and licensed finance companies to submit business cash-flow data to the licensed credit bureau. This enables lenders to complement collateral-based assessments with performance indicators, supports MSME-tailored products, and allows firms to build digital credit histories through regular transactions. Indicative Trigger deepens the reform by expanding alternative data reporting to include payment service providers.

68. **Results.** Results will be measured through an expanded DPF-1 indicator focused on digital credit reports and the uptake of credit reporting that integrates cash-flow-based information. The indicator tracks the number of digital credit reports and MSME credit reports incorporating verified cash-flow data. By 2028, at least 250,000 reports are expected to be issued (baseline: 0). The PA and Indicative Trigger also contribute to the capital-markets Results Indicator by enabling non-bank, cash-flow-based, and fintech-enabled financing instruments that complement market-deepening reforms.

Prior Action 8. To enable expansion of green finance, CBJ has operationalized the National Green Taxonomy and introduced climate-related disclosure and reporting requirements, through Circular No. 23/1/2804 dated 5 February 2026, and Regulation No. 1 dated 11 January 2026, respectively.
Indicative Trigger 9. To enable expansion of green finance, CBJ has issued a Green Loan Regulation.

69. **Rationale.** Jordan is intensifying efforts to assess and manage climate and natural disaster risks, given their potential implications for fiscal stability, financial sector soundness, and social resilience. Climate investment needs are estimated to exceed US$9 billion by 2030 under the NDC, while disaster-related shocks could generate significant contingent liabilities. The FSAP Update and the Climate Risk Assessment for Jordan's Financial Sector highlight the need for climate risk management and sustainable finance frameworks to safeguard stability and mobilize private capital. Jordan has an emerging green finance market, as also evidenced by IFC-supported green bond issuances by banks. However, the absence of a nationally endorsed taxonomy and consistent disclosure standards raises transaction costs, limits comparability, and constrains scale. International experience shows that taxonomies and disclosure frameworks materially support market

growth: the EU Taxonomy has supported over EUR 500 billion in sustainable bond issuance, while in China mandatory green lending disclosures increased bank exposure to green sectors to more than USD 2.3 trillion by 2022.[34]

70. **Policy content.** The CBJ Circular mandates the use of the National Green Taxonomy (adopted by the Prime Minister Decision in February 2026) by banks and finance companies in classifying credit exposures, data reporting, and for other green finance and climate risk related purposes. In parallel, the climate-related disclosure and reporting regulation mandates proportionate publication and supervisory reporting of climate-related information.[35] Together, these measures establish a common definition of "green" activities in Jordan, improve data availability and transparency, support risk-based supervision, and enable green product development (including green loans and bonds). By reducing due-diligence costs and greenwashing risks, they strengthen investor confidence and complement capital market reforms, including future green bond issuance and fund labeling. The reforms build on CBJ's Green Finance Strategy 2023–2028, climate-risk regulation adopted under DPF-1, and WB support through the Jordan Inclusive, Transparent, and Climate Responsive Investment PforR. Indicative Trigger extends these foundations by introducing green lending regulations.

71. **Results.** Results Indicator tracks the annual volume of new bank lending aligned with National Green Taxonomy. The baseline is zero (2024), reflecting the absence of an operational taxonomy prior to this reform. The target of at least US$230 million cumulatively by 2028 (equivalent to around 5 percent of new bank lending) is ambitious but realistic, consistent with early-stage taxonomy implementation in peer emerging markets.

Prior Action 9. To strengthen the legal foundation for an effective and inclusive insurance market, the Borrower has submitted to Parliament the Draft Insurance Contract Law establishing the framework governing insurance contracts and consumer protection, pursuant to Prime Minister's Letter No. 25437 dated November 11, 2025.
Indicative Trigger 10. To strengthen insurance sector oversight while enabling innovation and market development, CBJ has issued an insurance product approval regulation, amended supervisory instructions on investments and solvency, and adopted a supervisory ladder with prompt corrective measures.

72. **Rationale.** Insurance penetration in Jordan remains below 2 percent of GDP, well under regional and international peers, limiting its role in strengthening household and enterprise resilience to shocks. Among key constraints is the absence of dedicated Insurance Contract Law, resulting in fragmented contractual provisions, weak legal clarity, slower claims resolution, and lower consumer trust. Outdated supervisory tools and product approval processes further constrain market innovation and the introduction of new products. Addressing these legal and regulatory gaps is essential to deepen insurance penetration, improve consumer protection, and strengthen financial resilience.

73. **Policy content.** The Insurance Contract Law establishes a unified legal framework governing the formation, execution, and enforcement of insurance contracts across insurance lines.[36] It standardizes contractual provisions – disclosure, coverage, termination, and compensation – reducing disputes and strengthening enforcement. Consumer protection is reinforced through requirements for clear contracts, timely settlement of claims, and policyholder remedies. The law complements the Insurance Business Regulation Law by addressing market conduct, ensuring that contractual discipline advances alongside prudential supervision, and builds on the DPF-1 Insurance Policyholders Protection Scheme to strengthen consumer confidence. The Indicative Trigger will deepen reforms by modernizing product approval, strengthening supervisory intervention tools, and enabling separation of life and non-life insurance.

[34] Climate Bonds Initiative (2022). 2021 Green Bond Market Summary. Climate Bonds Initiative, London; U.S. Department of Commerce, International Trade Administration (2023). China: Sustainable Finance and Green Bond Market.
[35] In December 2024, ASE launched its climate-related disclosure, developed with IFC support. These complement the DPF-supported CBJ regulation by promoting consistent climate-related disclosure across financial institutions and capital market issuers.
[36] The draft Insurance Contract Law was enacted as Law No. 11 of 2026 and published in Official Gazette issue No. 6048, issued on May 6, 2026.

74. **Results.** Results Indicator tracks insurance penetration (gross written premium as a share of GDP), from a baseline of 1.88 percent (2024) to 2.1 percent by 2028, representing a material 12 percent increase given the structural characteristics of the Jordanian market and typical cross-country trends. The DPF-1 Results Indicator on the Insurance Policyholders Protection Scheme is retained, with reserves collected expected to reach US$21 million by 2028 (baseline: 0), a substantial target relative to market size and typical reserve accumulation patterns in comparable countries.

C. Consultations and Collaboration with Development Partners

Consultations and Citizen Engagement

75. **The reforms supported by this operation were informed by extensive consultations during preparation and will continue through stakeholder engagement during implementation.** The PAs and Indicative Triggers align with the EMV and its Executive Program, both developed through broad consultations with private and public sector and civil society. Draft laws and regulations follow the Legal Opinion Bureau process, including public disclosure and public comment prior to adoption. DPF reforms were shaped through targeted consultations. For example, the National Green Taxonomy was informed by an open public consultation that received feedback from financial institutions, corporates, public agencies, and civil society, complemented by technical focus group discussions to ensure feasibility and market relevance. The Taxonomy will be periodically reviewed and updated through consultations to reflect technological and international developments.

76. **Regular engagement was conducted with private sector stakeholders directly affected by the reforms**, including structured roundtables with financial institutions on cash-flow-based financing, technical consultations with the licensed credit bureau on alternative-data reporting, and discussions with market participants and regulators on electricity market liberalization impact. For the sectoral licensing reform, the private sector has been engaged through business surveys conducted in recent years and will continue during implementation, including through the reform verification process.

77. **Consultations will remain integral during implementation.** The Government of Jordan continues conducting wide consultations on all the reform measures under the DPF series, for example, the Indicative Trigger on mining sector licensing draws on a private sector working group led by MEMR; the social security reform trigger will be preceded by broad stakeholder dialogue; and Securities Law amendments were prepared through a multi-stakeholder technical working group. The operation is closely coordinated with the IMF, IFC, EU, Asian Infrastructure Investment Bank, Arab Fund for Economic and Social Development, FCDO, GIZ, JICA, and other partners, ensuring coherence and avoiding duplication.

IV. OTHER DESIGN AND APPRAISAL ISSUES

A. Poverty and Social Impacts

78. **By improving the business environment and expanding financial inclusion and access to finance, the reform program is expected to deliver positive poverty and social impacts for poor and vulnerable households.** Streamlining business licensing (PA1), increasing labor market flexibility with social insurance coverage (PA4), and expanding access to finance (PA5-PA9) lower barriers to formalization and participation in the economy. Simplified business entry reduces costs for small and informal firms, including those operated by low-income groups and refugees, supporting business creation, employment, and income generation. Labor market reforms enabling flexible work and extending social security coverage particularly benefit women and youth, while LBAs (PA5) expand access to formal finance for micro-enterprises, including refugee camp-based entrepreneurs, strengthening self-reliance and livelihoods.

79. **The reforms are underpinned by inclusion and resilience objectives and designed with proportionate risk-mitigation measures.** Sectoral licensing reforms (PA1) are expected to reduce compliance costs for SMEs and women-owned businesses while maintaining health, safety, and environmental requirements. Electricity market reform (PA2) expands the framework for competition and access but does not authorize specific investments; any related activities would continue to be managed through Jordan’s environmental, social, and occupational health and safety systems. Some labor adjustments

within public utilities could occur as private participation increases, although such effects are expected to be gradual. Digital reforms (PA3 and PA5) broaden available service channels without requiring exclusive reliance on electronic platforms, and phased implementation is intended to support institutional and user adaptation while reducing risks of digital exclusion. Labor market measures (PA4), along with green finance and insurance reforms (PA8 and PA9), aim to strengthen household and firm resilience to economic, climate, disaster related, and health shocks. Throughout implementation, continued attention will be required to ensure that groups facing structural barriers – including informal workers, women, refugees, and individuals with limited digital access – benefit from the reforms, supported by monitoring and mitigation measures.

B. Environmental, Forests, and other Natural Resources Aspects

80. **The PAs are unlikely to generate significant adverse impacts on Jordan's environment, forests, or natural resources, and several are expected to yield positive environmental outcomes.** The electricity reform (PA2) encourages investment in renewable energy and more efficient transmission, contributing to a cleaner energy mix, while requiring continued and focused attention to environmental management, biodiversity, occupational safety, and emerging risks such as e-waste from expanded generation and grid infrastructure. The green taxonomy and climate disclosure framework (PA8) will help channel finance toward environmentally sustainable activities and improve transparency on climate-related risks.

81. **Jordan has an established environmental regulatory system with clear institutional mandates and an updated licensing framework that differentiates requirements by risk level.** Continued systems and capacity strengthening in environmental monitoring, enforcement, hazardous waste management, and occupational health and safety will help ensure that increased private investment – particularly in energy and SME-related activities – remain environmentally sustainable. Recent WB assessments (2022, 2024) identify several opportunities to further strengthen stakeholder engagement, strategic, cumulative and sectoral environmental assessments, institutional capacity, enforcement, and transparency. Ongoing and planned technical assistance to Ministry of Environment supports these priorities and aims to strengthen environmental risk-management systems in line with international good practice.

C. PFM, Disbursement, and Auditing aspects

82. **The Public Financial Management (PFM) systems have been reviewed for this DPF and are assessed as satisfactory, with areas for improvement.** As confirmed by the 2022 Public Expenditure and Financial Accountability Assessment, Jordan's PFM systems have several key strengths, including a well-functioning budget preparation process. The budget follows a classification system that aligns with Government Finance Statistics/ Classification of the Functions of Government (COFOG) standards. The budget system also benefits from high coverage of GFMIS, comprehensive fiscal reports, and public availability of annual budget reports on www.gbd.gov.jo. Government transactions are processed through the Treasury Single Account (TSA), with daily bank reconciliations, and payroll controls. The Government is committed to sustaining progress on key PFM reforms. However, the Government also needs to address public expenditure arrears, strengthen the independence of the Supreme Audit Institution (Jordan Audit Bureau), and reconcile suspense and advance accounts. In terms of procurement, processes adhere to public procurement bylaw No 8/2022 which reflects international principles of transparency, fairness, integrity, value for money and institutional governance. The system includes centralized and decentralized procurement. There is also a complaint mechanism under the oversight of the procurement policy committee.

83. **The foreign exchange control environment is assessed generally satisfactory.** Under the IMF's safeguards assessment policy, the CBJ was subject to an assessment for the Extended Arrangement under the EFF, approved by the Executive Board on January 10, 2024. The assessment, completed in June 2024, found that the central bank continues to strengthen its safeguards framework. The assessment made several recommendations that the authorities have committed to addressing. The CBJ accounts are audited by a private sector audit firm. The latest audited financial statement covered the year ended December 31, 2024. The primary qualification remains to the adequacy of the provision against debt and

receivable balances due from regional governments and financial institutions. No material internal control issues were reported by the auditor. The audit report and financial statements are available on its website (www.cbj.gov.jo).

84. **The proposed DPF loan will follow WB disbursement procedures for Development Policy Financing.** Once approved by the World Bank's Board and effective, the proceeds will be disbursed in accordance with IBRD's withdrawal conditions and transferred directly to the Government TSA at the CBJ (in an account designated by the Borrower and acceptable to the WB at the CBJ). The Borrower should ensure that upon deposit of the Loan into said account, an equivalent amount in Jordanian Dinar is credited to the MoF treasury current account at CBJ. The Borrower will report to the WB within 30 days once the amount is credited to the MoF treasury current account. The Ministry of Finance will administer the loan.

D. Monitoring, Evaluation, and Accountability

85. **The Ministry of Planning and International Cooperation (MoPIC) will serve as the lead implementing agency, responsible for coordination, monitoring, and reporting to the World Bank.** Key line ministries and agencies – including the Ministries of Finance; Industry and Trade; Energy and Mineral Resources; Labor; Digital Economy and Entrepreneurship; Environment; the CBJ; SSC; Jordan Securities Commission; and other relevant authorities – will provide periodic data from administrative systems and sectoral platforms to MoPIC for consolidation and reporting. The WB team will provide close implementation support and incorporate stakeholder feedback as needed.

86. ***Grievance Redress.*** Communities and individuals who believe that they are adversely affected by specific country policies supported as Prior Actions or tranche release conditions under World Bank Development Policy Financing may submit complaints to the responsible country authorities, appropriate local/national grievance mechanisms, or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit https://accountability.worldbank.org.

87. **National Grievance Mechanism (GM):** A robust GM is essential to address stakeholders' concerns. In Jordan, grievances can be directed to the governmental platform "At Your Service" (Bekhedmatekom) as well as GM systems of individual agencies. The Ministry of Labor further operates the "Hemaya" platform that allows for anonymous workers'-related complaints. Grievance mechanisms for workers and communities will be accessible through multiple channels, support anonymous reporting, and address Sexual Exploitation and Abuse/Sexual Harassment complaints. All issues will be tracked and resolved promptly, with user feedback used to improve the system. The GM will be subject to regular review and adaptive management to ensure it remains effective and responsive to stakeholder needs.

V. SUMMARY OF RISKS AND MITIGATION

88. **The overall risk rating for the proposed DPF is Moderate.** Table 5 presents the residual risk ratings by category. While geopolitical risks remain substantial, the macroeconomic risk rating has been changed to Moderate (reflecting the residual risk to achieving the PDO) compared to DPF-1. Jordan has maintained resilience, with no material macro instability observed during the recent shocks, supported by contained inflation and continued reforms to strengthen fiscal and external positions under the IMF program, supporting confidence in the currency peg. However, the current conflict in the region has heightened downside risks, particularly through higher energy prices, and disruptions to tourism, remittances, and global demand. The Moderate rating assumes that the conflict does not escalate significantly or persist for a prolonged

period, and that appropriate policy measures are deployed to mitigate its adverse impacts. Ongoing reforms under the DPF series are expected to continue supporting macro-financial resilience over the medium term.

89. **Geopolitical risks remain Substantial.** Jordan's strategic location exposes it to complex regional challenges, heightened by the recent conflict in the Middle East and its repercussions for trade, investment, and tourism. Prolonged regional instability could necessitate shifts in policy priorities or delay reform implementation. Mitigating factors include prudent fiscal and monetary policies, Jordan's active diplomacy, continued international support, the Government's demonstrated ability to manage shocks, and progress on its political and economic modernization agenda.

Table 5: Summary Risk Ratings

Risk Categories	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Other	Substantial
Overall	Moderate

ANNEX 1. Policy and Result Framework

Prior actions and Triggers			Results		
Prior Actions under DPF 1	**Prior Actions under DPF 2**	**Triggers for DPF 3**	**Indicator Name**	**Baseline (2024)**	**Closing Period (2028)**
Pillar: Improving the enabling business environment.					
Prior Action 1. The Borrower, through the legal committee of the COM, has transferred to COM, for further submission to Parliament, the Draft Amendments to the Competition Law to strengthen (a) the structural, financial and operational autonomy of the competition authority; and (b) its enforcement and competition advocacy powers.	**Prior Action 1**. To reduce business compliance costs, the Council of Ministers has approved implementation arrangements for sectoral licensing reform that are binding on all sectoral regulators, including the executive regulatory rules, a comprehensive and time-bound reform action plan, and the application of the verification tool, pursuant to Decisions No. 8153 and No. 1109 both dated 4 May 2026.	**Indicative Trigger 1**. To enhance competition, the Borrower has operationalized the amendments to Competition Law, through adoption of secondary legislation.	**Results Indicator 1**: Number of anticompetitive practices (anticompetitive agreements/ abuse of dominance) investigated (cumulative).[37]	10 (cumulative 2022-2024)	16 (cumulative by 2028)
			Results Indicator 2: Number of priority sectoral licenses newly reformed (abolished or streamlined) (cumulative).[38]	0	20
	Prior Action 2. To unlock competition and increase private sector investment in renewable energy and independent power transmission infrastructure, the Borrower has enabled the licensing of owners and operators of independent electricity transmission systems, independent power generation for self-consumption purposes, and energy storage	**Indicative Trigger 2**. To enhance competition and attract qualified private investment in the mining sector, the Ministry of Energy and Mineral Resources has modernized the licensing and concession framework for exploration and mining rights, including standardized investor rights and obligations, non-discretionary or competitive allocation procedures,	**Results Indicator 3**: Cumulative private capital enabled through: (i) renewable generation and transmission projects; and (ii) minimum capital commitments under newly awarded mining concessions.[39]	0	At least US$150 million cumulative

[37] Source: Competition Directorate at Ministry of Industry and Trade.
[38] Source: MOPIC, based on the official reform verification data and reporting by sectoral regulators.
[39] Source: MEMR, based on the official information on mining concessions/licenses and private sector reporting on new renewable energy capacity generated (1MW ≈ US$1 million).

Prior actions and Triggers			Results		
	facilities, pursuant to the enactment of General Electricity Law No. 10 (2025) and Implementing Bylaw No. 58 (2025).	through amendments to the Natural Resources Law.			
Prior action 2. (a) The Borrower, through the Council of Ministers, has submitted to Parliament the Draft Amendments to the Customs Law to fully implement a Post-Clearance Audit (PCA) regime to ease the compliance process for traders; and (b) the Jordan Customs Department has issued Circular No. 24 to stipulate the transmission of pre-arrival cargo information allowing risk targeting and profiling prior to the arrival of the goods into Jordan.	**Prior Action 3.** To facilitate cross-border digital trade and promote electronic transactions, the Council of Ministers has submitted to Parliament a legislative reform package that: (a) expands the scope of transactions allowed to be conducted electronically and establishes a framework for the recognition of foreign digital certificates; and (b) enables electronic and remote notarization, including for transactions originating outside the Borrower's territory; and consisting of Draft Amendments to the Electronic Transactions Law and the Notary Public Law submitted to Parliament pursuant to Prime Minister's Letters No. 20542 and 20544 dated September 15, 2025.	**Indicative Trigger 3**. To facilitate cross-border digital trade and promote electronic transactions, the Ministry of Digital Economy and Entrepreneurship has operationalized the amendments to the Electronic Transactions Law, through implementing regulations, particularly a regulation that defines the mechanisms and standards for the recognition of cross-border digital certificates.	**Results Indicator 4.** Share of total notarization transactions completed electronically (annual).[40]	0	20% annually
Prior Action 3. To promote MSME participation and effective access to public procurement contracts and process sasses related remedies,		**Indicative Trigger 4**. To promote MSME participation and effective access to public procurement contracts, the Council of Ministers has directed all public procuring entities to	**Results Indicator 5**. Share of total value of public procurement contracts awarded to MSMEs annually.[41]	41.5%	45.0%

[40] Source: Ministry of Justice, Ministry of Digital Economy and Entrepreneurship.
[41] Source: GTD, GPD, PPC, based on JONEPS data.

Prior actions and Triggers			Results		
(a) the Borrower, through the Council of Ministers, has approved the Instructions on Participation of MSMEs in Public Procurement for 2024 and the Policy Paper on the Participation of MSMEs in public procurement as evidenced by the COM Decision No. 38213, and (b) to prevent situations of conflict of interest in the public procurement process, the Procurement Policy Committee adopted the requirement for the Procurement Complaints Review Committee members to disclose reasons that could affect their impartiality, and the disqualification of members from the review process of a complainant with whom they have a direct or indirect relation, as evidenced by Decision No. 56/10/6/5448.		operationalize procurement processes through Jordan Online E-Procurement System (JONEPS), and Public Procurement Committee issued a decision to publish – through JONEPS – the number and value of contracts awarded to MSMEs.			
Prior action 4: To increase labor market flexibility while protecting female workers, the Borrower, through the Council of Ministers, has submitted to	**Prior Action 4.** To expand access to skilled labor and flexible work with social insurance coverage, the Ministry of Labor has reduced work permit fees and extended the duration of work permits for highly	**Indicative Trigger 5**. To support labor formalization and improve coverage under contributory schemes, the Borrower has introduced regulatory measures to expand contributory coverage for workers in flexible and	**Results Indicator 6**. Female Labor Force Participation Rate (annual).[42] **Results Indicator 7.** Number of active private-sector insured persons	15.2% (Q4 2024) 841,339, out of which	17.0% 969,942, out of which 307,161

[42] Source: DOS. The baseline of 15.2 percent refers to the FLFP of Jordanians; the target uses the same definition. The FLFP baseline under DPF1 was set for Q4-2024. To reduce the impact of seasonality and avoid distortions from comparing different quarters, RI monitoring will be based on the average FLFP over the four most recent quarters.

Prior actions and Triggers			Results		
Parliament the Draft Amendments to the Labor Law.	skilled foreign workers, and the SSC has established proportional social insurance coverage for flexible work arrangements, all pursuant to the adoption of the Work Permits Fees Bylaw No. 31 (2025), the Minister of Labor Decision No. 54 of 2025, and SSC Complementary Instructions No. 81 of 2025.	other non-standard work arrangements.	(contributors) registered with SSC, disaggregated by gender and age (annual).[43]	265,117 women and 298,136 youth	women and 343,111 youth
Prior Action 5: To promote women in leadership positions and foster more inclusive corporate governance, the Borrower, through CCD, has issued Corporate Governance Instructions, requiring a minimum of 20 percent female representation for corporate boards of Select Shareholding Companies.			**Results Indicator 8:** The proportion of companies meeting or exceeding the 20% female board representation threshold.[44]	0%	10%
***Pillar: Deepening access to finance*.**					
Prior action 6. To foster sustainable development of Non-Bank Financial Institutions and Fintech sectors, (a) the Borrower has promulgated the Amended Finance Companies Bylaw, including a reference to the regulatory sandbox, and (b) the	**Prior Action 5.** To expand financial inclusion and enable end-to-end whole-of-government digital payments: (i) the Borrower has mandated the implementation of a GFMIS module that authorizes payments and automatically transmits payment instructions to the	**Indicative Trigger 6.** To expand financial inclusion and promote financial sector innovation and digital payments, CBJ expanded the existing open banking framework to cover all financial services through the Open Finance Regulation, and mandated all insurance companies to disburse claim	**Results Indicator 9**. Share of government outgoing payments processed through standardized end-to-end digital workflows (from authorization to settlement and delivery)	0%	90%

[43] Source: SSC.
[44] Source: CCD.

Prior actions and Triggers			Results		
CBJ has approved the first batch of startups for the testing phase of the Fintech Regulatory Sandbox, as evidenced by Decisions No. 17757/6/26, 17755/6/26, 17754/6/26, and 398/6/26.	CBJ-UGPI through end-to-end digital workflows (from authorization to settlement and delivery) without paper-based steps, and all public entities under Chapter 1 of the Budget Law are mandated to adopt this arrangement within 5 years and process all outgoing (G2P, G2B, G2G) payments exclusively through digital channels, through Prime Minister's Circular No. 13/11/1/2127, dated 27 January, 2026, and Minister of Finance Decision Letter No. 4058/1/12 dated February 10, 2026; and (ii) the Central Bank of Jordan introduced Light Business Accounts enabling simplified, risk-based account opening and usage for micro and small enterprises and self-employed individuals, through a CBJ Circular No. 18/3/11133 dated July 6, 2025.	payments to health service providers exclusively through digital channels, through the CBJ Circular.	without paper-based steps (annual).[45] **Results Indicator 10**. Number of active Light Business Accounts, (disaggregated by gender and ownership).[46]	 0	 50,000, of which at least 15,000 are held by women or women-owned businesses
	Prior Action 6. To deepen capital markets and expand alternative financing options for firms, (i) the Borrower has submitted to Parliament Draft Amendments to the Securities Law modernizing the capital markets regulatory framework, pursuant to Letter No.	**Indicative Trigger 7**. To deepen capital markets, the Jordan Securities Commission adopted relevant regulations, for example, detailed requirements to license and supervise equity-based crowdfunding platforms and activating a market-maker	**Results Indicator 11.** Cumulative private capital enabled through securities issuance, IPOs, crowdfunding, cash-flow-based financing, net inflows into mutual funds,	USD 1.080 billion (cumulative 2022-2024)	USD 1.580 billion (cumulative 2026-2028)

[45] Source: Ministry of Finance, based on GFMIS data and reporting by line agencies.
[46] Source: CBJ, based on the supervisory reporting by financial institutions.

Prior actions and Triggers			Results		
	10683 dated May 18, 2026; and exempted mutual investment fund profits from income tax, thereby removing double taxation, pursuant to Council of Ministers' Decision No. 4968 dated 8 September 2025; and (ii) CBJ has introduced a debt-based crowdfunding, through Regulation No. 2026/2, dated January 15, 2026.	framework, through JSC secondary regulations.	corporate Sukuk issuance, and Sandbox solutions.[47]		
Prior action 7: To strengthen credit infrastructure and reporting, (a) the Borrower, through MODEE, has extended the CRIF's access period to governmental Application Programming Interface (API), enabling CRIF to grant access to individual consumers to credit reports through a digital application, as evidenced by Decision 1216/2025; (b) the CBJ has launched the National eKYC (e-Know Your Customer) platform, as evidenced by Decision no. 3/26; and (c) the CBJ has adopted the requirements for banks to report gender-disaggregated data of bank	**Prior Action 7**. To facilitate cash-flow-based financing for MSMEs, CBJ has mandated all banks and licensed finance companies to start reporting business transaction data of MSMEs – including payment and receivable information relevant for credit assessment – within the data they provide to the licensed credit bureau, pursuant to CBJ Circular No. 28/1/21260 dated 28 December 2025.	**Indicative Trigger 8**. To facilitate cash-flow-based financing for MSMEs, CBJ has required licensed payment service providers to report business transaction data of MSMEs – including payment and receivable information relevant for credit assessment – within the data they provide to the licensed credit bureaus, through CBJ Circular.	**Results Indicator 12.** Number of credit reports issued through digital channels and MSME credit reports issued that integrate MSME cash-flow related information (cumulative).[48]	0	At least 250,000

[47] Source: JSC (for capital market-related instruments), and CBJ (debt-based crowdfunding; cash-flow-based lending; Fintech Sandbox solutions).
[48] Source: CBJ, based on reporting by CRIF.

Prior actions and Triggers			Results		
credit facilities and NPLs, as evidenced by Circular No. 3324.					
Prior action 8. To facilitate growth of Green Finance and increase resilience against climate effects, CBJ has issued instructions to banks on climate risk management, as evidenced by Instruction No. 2 of 2025.	**Prior Action 8**. To enable expansion of green finance, CBJ has operationalized the National Green Taxonomy[49] and introduced climate-related disclosure and reporting requirements, through Circular No. 2026/2, dated January 15, 2026, and Regulation No. 1 dated 11 January 2026, respectively.	**Trigger 9**. To enable expansion of green finance, CBJ has issued a Green Loan Regulation.	**Results Indicator 13**. Volume of new bank lending that is green taxonomy-aligned (cumulative).[50]	0	At least USD 230 million (cumulative 2026-2028)
Prior Action 9. To ensure financial security and confidence of insurance policyholders, the Borrower, through the Council of Ministers, has established the Insurance Policyholders Protection Scheme, as evidenced by the Insurance Guarantee Fund System Regulation.	**Prior Action 9**. To strengthen the legal foundation for an effective and inclusive insurance market, the Borrower has submitted to Parliament the Draft Insurance Contract Law establishing the framework governing insurance contracts and consumer protection, pursuant to Prime Minister's Letter No. 25437 dated November 11, 2025.	**Indicative Trigger 10**. To strengthen insurance sector oversight while enabling innovation and market development, CBJ has issued an insurance product approval regulation, amended supervisory instructions on investments and solvency, and adopted a supervisory ladder with prompt corrective measures.	**Results Indicator 14**. Insurance penetration (gross written insurance premium as a share of GDP).[51] **Results Indicator 15**. Reserves collected (cumulative) in the Insurance Policyholders Protection Scheme.[52]	1.88% 0	At least 2.10% USD 21 million

[49] Adopted by the Prime Minister's Decision 56/10/2915 dated 2 February 2026.
[50] CBJ Financial Stability Department, based on supervisory reporting by banks.
[51] CBJ Insurance Supervision Department, and DOS for GDP statistics .
[52] Source: CBJ Insurance Supervision Department.

ANNEX 2. Paris Alignment Assessment

The proposed Program aligns with the goals of the Paris Agreement and Jordan's pathway towards low-carbon and climate-resilient development. The proposed Program is not expected to increase emissions and/or carry significant climate risks across PAs. The program aims to facilitate sustainable growth of green finance, increase the generation capacity of renewable energy, enhance climate disclosure and reporting and improve climate risk management that align with the Jordan Country Climate and Development Report, Central Bank of Jordan Green Finance Strategy 2023 – 2028, and country NDC and climate/green transition goals. More details on Paris Alignment assessment of the proposed Program are provided in the table below.

Program Development Objective: Improving the enabling business environment and deepening access to finance for private sector-led growth.	
Step 1: Taking into account our climate analysis (e.g., Country Climate and Development Reports), is the operation consistent with the country's climate commitments, including for instance, the NDC, NAP, LTS, and other relevant strategies?	**Yes.** The proposed DPF-2 is fully consistent with Jordan's climate commitments, including its NDC, National Adaptation Plan (NAP), and Green Finance Strategy 2023–2028, and aligns with the recommendations of the Jordan Country Climate and Development Report. Several prior actions directly advance these commitments: adoption of green taxonomy and climate-related disclosure regulations (PA8), which operationalize the NDC's call for scaling climate finance; enactment of the Electricity Law (PA2), which enables greater private sector participation in renewable generation, storage, and transmission; and the Insurance Contract Law (PA9), which strengthens financial resilience, including against climate shocks. In addition, reforms to digital payments (PA5) and e-transactions (PA3) contribute to efficiency and formalization, indirectly supporting climate-smart investment. Together, these measures mobilize private capital for climate-aligned investments, enhance resilience of the financial sector, and help Jordan meet its climate and energy transition targets under its NDCs.
Mitigation goals: assessing and reducing the risks	
Pillar 1: Improving the enabling business environment	Prior Actions 1, 2, 3, 4.
Step M2.1: Are Prior Actions 1, 2, 3, and 4 likely to cause a significant increase in GHG emissions?	**No.** PAs 1–4 (licensing reform, electricity market liberalization, labor flexibility, and digital transactions) do not entail emitting activities. On the contrary, PA2 supports renewable energy uptake, while PA3 advances digitalization – both consistent with Jordan's low-carbon transition.
Conclusion for Pillar 1 (Prior Actions 1, 2, 3, and 4):	**Aligned.**
Pillar 2: Deepening access to finance.	Prior Actions 5, 6, 7, 8, and 9.
	No. PAs 5-9 (digital payments, cash-flow-based lending, insurance contract law, capital market and crowdfunding reforms, and green finance) do not involve emitting activities and are not expected to increase GHG emissions. Instead, several measures (e.g., green finance regulations under PA8; digitalization PAs) actively support Jordan's low-carbon transition.
Conclusion for Pillar 2 (Prior Actions 5, 6, 7, 8, and 9):	**Aligned.**
Conclusion on Mitigation Goals for the DPF: The Program is aligned with the mitigation goals of the Paris Agreement.	
Adaptation and resilience goals: Assessing and managing the risks	
Pillar 1: Improving the enabling business environment	Prior Actions 1, 2, 3, 4.

Step A2: Are risks from climate hazards likely to have an adverse effect on the prior action's contribution to the Development Objective(s)?	**No.** Climate hazards are not expected to materially affect the contribution of PAs 1–4. For the Electricity Law (PA2), potential hazard risks (dust storms or extreme heat) are managed through technical standards and insurance. In practice, expanding renewables strengthens resilience by diversifying the energy mix and reducing exposure to global fuel price shocks. The other reforms (PAs 1, 3, 4) are not sensitive to climate hazards and instead enhance competitiveness and adaptability of the private sector.
Conclusion for Prior Actions 1, 2, 3, and 4:	**Aligned.**
Pillar 2: Deepening access to finance.	Prior Actions 5, 6, 7, 8, and 9.
Step A2: Are risks from climate hazards likely to have an adverse effect on the prior action's contribution to the Development Objective(s)?	**No.** Climate hazards are not expected to have any material adverse effect on the contribution of PAs 5-9 to the Development Objective. On the contrary, these reforms promote resilience by digitizing payments (PA5), enabling cash-flow-based MSME lending (PA6), strengthening the insurance framework (PA9), expanding capital market and crowdfunding access (PA7), and advancing green finance regulations (PA8). Together, they diversify financing channels, enhance risk management, and mobilize climate-aligned investment – measures that support adaptation and reduce vulnerability to climate shocks.
Conclusion for Pillar 2 (Prior Actions 5, 6, 7, 8, and 9):	**Aligned.**
Conclusion on Adaptation and Resilience Goals for the DPF: The Program is aligned with the adaptation and resilience goals of the Paris Agreement.	
OVERALL CONCLUSION OF PARIS ALIGNMENT ASSESSEMENT: The Program is aligned with the goals of the Paris Agreement	

ANNEX 3. Operation Specific Annex

Matrix of Key Changes to Original Policy Matrix

Original Pillars, Indicative Triggers, and Indicators	Updated DPF Results Framework	Comments
Pillar: Improve the enabling business environment		
Indicative Trigger 1. The Ministerial Economic Modernization and Development Committee approves the updated sectoral licensing reform policy paper that includes the development of an action plan for the abolishment or simplification of sectoral licenses, within a specific timetable and in accordance with the accompanying verification tool.	**Prior Action 1.** To reduce business compliance costs, the Council of Ministers has approved implementation arrangements for sectoral licensing reform that are binding on all sectoral regulators, including the executive regulatory rules, a comprehensive and time-bound reform action plan, and the application of the verification tool, pursuant to Decisions No. 8153 and No. 1109 both dated 4 May 2026. **Prior Action 2.** To unlock competition and increase private sector investment in renewable energy and independent power transmission infrastructure, the Borrower has enabled the licensing of owners and operators of independent electricity transmission systems, independent power generation for self-consumption purposes, and energy storage facilities, pursuant to the enactment of General Electricity Law No. 10 (2025) and Bylaw No. 58 (2025).	**PA1 under DPF-2 builds on and upgrades Trigger 1 from DPF 1**, maintaining its original policy intent while strengthening the implementation and enforcement dimensions. **New PA introduced to ensure continuity and sectoral deepening** of the competition agenda supported under DPF-1.
Extension of the target date: applicable to all Result Indicators.		**The target date for all results indicators has been extended** from 2027 to 2028 to align with the extension of the DPF series to include DPF-3.
Results Indicator 1.1: Number of anticompetitive practices (anticompetitive agreements/ abuse of dominance) detected. **Baseline**: 0 (2024) **Target**: 3 (2027)	**Results Indicator 1**: Number of anticompetitive practices (anticompetitive agreements/ abuse of dominance) investigated (cumulative). **Baseline**: 10 (2022-2024) **Target**: 16 (cumulative by 2028)	**The indicator has been** updated to focus on anticompetitive practices “investigated”, and the baseline and target values have been updated accordingly based on the information provided by counterparts.
	Results Indicator 2: Number of priority sectoral licenses newly reformed (abolished or streamlined) (cumulative). **Baseline:** 0 (2024) **Target:** 20 (cumulative by 2028)	**New Results Indicator** introduced to capture the sectoral licensing reform supported under DPF-1 Trigger/ DPF-2 PA.
	Results Indicator 3: Cumulative private capital enabled through: (i) renewable generation and transmission projects; and (ii) minimum capital commitments under newly awarded mining concessions.	**New Results Indicator** added to capture outcomes of the General Electricity Law (2025) supported by DPF-2 and the Indicative Trigger on mining under DPF-3.

Indicative Trigger 2.1: The Borrower has issued a Prime Ministerial Decree issued mandating the implementation of an Integrated Risk Management framework for border clearance. **Indicative Trigger 2.2:** Jordan Customs Department has adopted a plan outlining the Emergency Preparedness and Response Framework for Cross Border Trade in a time of crisis.	**Prior Action 3.** To facilitate cross-border digital trade and promote electronic transactions, the Council of Ministers has submitted to Parliament a legislative reform package that: (a) expands the scope of transactions allowed to be conducted electronically and establishes a framework for the recognition of foreign digital certificates; and (b) enables electronic and remote notarization, including for transactions originating outside the Borrower's territory; and consisting of Draft Amendments to the Electronic Transactions Law and the Notary Public Law submitted to Parliament pursuant to Prime Minister's Letters No. 20542 and 20544 dated September 15, 2025.	**DPF-1 Indicative Trigger 2.2 has been completed, while Indicative Trigger 2.1 requires more time to achieve, most likely beyond DPF-3 timeline.** A new PA on facilitating digital trade and trade in digitally enabled services has been added to scale up the impact of trade-related reforms, followed by implementation measures supported by Indicative Trigger in DPF-3.
	Result Indicator 4. Share of total notarization transactions completed electronically (annual). **Baseline:** 0 (2024) **Target:** 20% (2028)	**New Results Indicators** added to capture impact of PA3. It replaces the DPF-1 Results Indicator on customs release time because its monitoring depends on low-frequency surveys not guaranteed to happen by the closing of the DPF series.
Indicative Trigger 3: (i) COM/PPC has issued decision making it mandatory for all procuring entities to publish the number and value of contracts awarded to MSMEs. (ii) PPC approves the revision of Standard Procurement Documents (Works and Goods) incorporating green procurement considerations in bid evaluation and in contract award.	**Indicative Trigger 4** for DPF-3. To promote MSME participation and effective access to public procurement contracts, the Council of Ministers has directed all public procuring entities to operationalize procurement processes through Jordan Online E-Procurement System (JONEPS), and Public Procurement Committee issued a decision to publish – through JONEPS – the number and value of contracts awarded to MSMEs.	Part (i) was moved to DPF-3 (need to deploy the underlying database essential for implementation). Part (ii) has been partially achieved; however, completion of the full-fledged reform requires more time, potentially beyond DPF-3 timeline. The DPF-3 Indicative Trigger includes an additional reform measure to mandate JONEPS for all procuring entities.
Results Indicator 3. Increase in the value of the public procurement contracts awarded to MSMEs. **Baseline**: JOD 332 million (2024) **Target**: JOD 375 million (2027)	**Results Indicator 5.** Share of total value of public procurement contracts awarded to MSMEs annually. **Baseline**: 41.5% (2024) **Target**: 45.0% (2028)	Indicator was updated, shifting from nominal value to a percentage share of total public procurement value.
Results Indicator 4. Increase in Female Labor Force.	**Results Indicator 6.** Female Labor Force Participation Rate (annual).	**Formulation updated.** Baseline and target remain the same.
Indicative Trigger 4: GOJ/Ministry of Labor has issued a new regulation and instruction to reduce the fees and extend the duration of work permits for highly skilled foreign workers.	**Prior Action 4**. To expand access to skilled labor and flexible work with social insurance coverage, the Ministry of Labor has reduced work permit fees and extended the duration of work permits for highly skilled foreign workers, and the Social Security Corporation (SSC) has established proportional social insurance coverage for flexible work arrangements, all pursuant to the adoption of the Work Permits Fees Bylaw No. 31 (2025), the Minister of Labor Decision No.	**The Trigger was upgraded and expanded with complementary measures to scale up the impact** of labor market reforms, combining fee reduction, flexible work arrangements, and social insurance coverage.

	54 of 2025, and SSC Complementary Instructions No. 81 of 2025.	
	Results Indicator 7. Number of active private-sector insured persons (contributors) registered with SSC, disaggregated by gender and age (annual).	**New Result Indicator** introduced to track the combined impact on labor market outcomes by multiple reforms supported by the DPF series.
Indicative Trigger 5. The Borrower has issued gender-disaggregated reporting requirements to track and monitor progress on firm ownership and board representation.	DPF-1 Results Indicator is retained under DPF-2 to continue tracking the reform impact: "**Result Indicator 8.** The proportion of companies meeting or exceeding the 20% female board representation threshold".	**The Trigger has been achieved** and is therefore not included as a Prior Action in DPF-2, leaving space for new Prior Actions to scale up the program's impact.
Pillar: Deepen access to finance		
Indicative Trigger 6: To support deepening of access to finance, CBJ has issued regulations for loan-based crowdfunding.	**Prior Action 5.** To expand financial inclusion and enable end-to-end whole-of-government digital payments: (i) the Borrower has mandated the implementation of a GFMIS module that authorizes payments and automatically transmits payment instructions to the CBJ-UGPI through end-to-end digital workflows (from authorization to settlement and delivery) without paper-based steps, and all public entities under Chapter 1 of the Budget Law are mandated to adopt this arrangement within 5 years and process all outgoing (G2P, G2B, G2G) payments exclusively through digital channels, through Prime Minister's Circular No. 13/11/1/2127, dated 27 January, 2026, and Minister of Finance Decision Letter No. 4058/1/12 dated February 10, 2026; and (ii) the Central Bank of Jordan introduced Light Business Accounts enabling simplified, risk-based account opening and usage for micro and small enterprises and self-employed individuals, through a CBJ Circular No. 18/3/11133 dated July 6, 2025. **Prior Action 6.** To deepen capital markets and expand alternative financing options for firms, (i) the Borrower has submitted to Parliament Draft Amendments to the Securities Law modernizing the capital markets regulatory framework, pursuant to Letter No. 10683 dated May 18, 2026; and exempted mutual investment fund profits from income tax, thereby removing double taxation, pursuant to Council of Ministers' Decision No. 4968 dated 8 September 2025; and (ii) CBJ has introduced a debt-based crowdfunding, through Regulation No. 2026/2, dated January 15, 2026.	**The Trigger has been upgraded** with complementary measures to scale up impact. New Prior Actions support major whole-of-government digital payments, financial inclusion, and capital markets reforms.

	Results Indicator 9. Share of government outgoing payments processed through standardized end-to-end digital workflows (from authorization to settlement and delivery) without paper-based steps (annual). **Baseline**: 0% (2024) **Target**: 90% (2028)	New Results Indicator introduced to reflect impact of PA5.
	Result Indicator 10. Number of active Light Business Accounts. **Baseline**: 0 (2024). **Target**: 50,000, out of which at least 15,000 held by women or women-owned businesses (2028).	New Result Indicator introduced to reflect impact of PA5.
Result Indicator 6: Volume of financing facilitated to users of financial services through financial solutions that participated in the Regulatory Sandbox. **Baseline**: 0 (2024). **Target**: USD 5 million (2027).	**Result Indicator 11.** Cumulative private capital enabled through securities issuance, IPOs, crowdfunding, cash-flow based financing, net inflows into mutual funds, corporate Sukuk issuance, and Sandbox solutions. **Baseline**: USD 1.080 billion (2022-2024). **Target**: USD 1.580 billion cumulative (2026-2028).	**Results Indicator's scope** was expanded to capture the cumulative impact of multiple Prior Actions supporting capital market development and access to finance.
Indicative Trigger 7: CBJ has published gender-disaggregated data of bank credit and NPLs to make it available for policymaking and issues a circular requiring insurance companies to report gender-disaggregated data to CBJ.	**Prior Action 7**. To facilitate cash-flow-based financing for MSMEs, CBJ has mandated all banks and licensed finance companies to start reporting business transaction data of MSMEs – including payment and receivable information relevant for credit assessment – within the data they provide to the licensed credit bureau, pursuant to CBJ Circular No. 28/1/21260 dated 28 December 2025.	The Trigger has been achieved. To scale up the impact of the credit infrastructure reform agenda supported by the DPF series, a new Prior Action has been introduced to facilitate cash-flow-based financing for MSMEs.
Result Indicator 7.1: Number of credit reports issued through CRIF application, measured by usage data from CRIF. **Baseline**: 0 (2024). **Target**: 12,000 reports (2027)	**Result Indicator 12.** Number of credit reports issued through digital channels and MSME credit reports issued that integrate MSME cash-flow related information (cumulative). **Baseline**: 0 (2024). **Target**: 250,000 reports (2028).	Result Indicator's scope was expanded to capture the impact of credit infrastructure reforms supported across the entire DPF series.
RI 7.2: Share of banks and insurance companies reporting gender disaggregated to CBJ. **Baseline**: 0 (2024) **Target**: 100% (2027)		The indicator was dropped because, as reported by CBJ, banks already comply with the reporting requirements, and CBJ has issued the relevant circular for insurers; the updated results framework shifts from compliance tracking to outcome-focused indicators.
Indicative Trigger 8: To facilitate growth of green finance and increase resilience against climate effects, CBJ has issued	**Prior Action 8**. To enable expansion of green finance, CBJ has operationalized the National Green Taxonomy and introduced	Prior Action maintains the policy content of the Trigger, specifying the regulations adopted under DPF-2.

circular to banks for adopting National Green Taxonomy, and/or issues at least one of the following regulations: (i) on green finance products and services, (ii) on climate disclosure and reporting, (iii) follow-on regulations to climate risk management instruction No 2 of 2025.	climate-related disclosure and reporting requirements, through Circular No. 2026/2, dated January 15, 2026, and Regulation No. 1 dated 11 January 2026, respectively.	
Result Indicator 8.1: Share of banks that amended existing or adopted new internal policies/strategies on green finance products and services, and/or climate disclosure and reporting, and/or climate risk management. **Baseline:** 0% (2024) **Target:** 100% (2028)		Results Indicator has been achieved and is removed from the DPF series.
	Result Indicator 13. Volume of new bank lending that is green taxonomy-aligned (cumulative). **Baseline:** 0 (2024) **Target:** USD 230 million (2026-2028)	**New outcome-focused Results Indicator** introduced to reflect the impact of green finance reforms across the DPF series.
Indicative Trigger 9.1: To enhance financial security and confidence of insurance policyholders, CBJ has issued secondary instructions and/or regulations ensuring full operationalization of the Insurance Policyholders Protection Scheme.		Trigger has been achieved and is therefore not included as a Prior Action in DPF-2, leaving space for a new Prior Action in the same area to scale up the reform's impact.
Indicative Trigger 9.2: To strengthen the financial safety net, the Jordan Deposit Insurance Cooperation (JODIC) has implemented an enhanced reserve limit/target ratio to ensure reserve adequacy for both payout and resolution cases.		Policy priorities shifted toward operational readiness, with JODIC focusing on reforms such as the Single Customer View and operational manuals for deposit payouts, expected by early 2026. The financial safety net agenda remains on track, though the original trigger on the reserve target ratio is not included under DPF 2.
Indicative Trigger 9.3: To deepen the insurance sector, COM has upgraded the insurance regulatory framework by submitting to Parliament the new Insurance Contract Law.	**Prior Action 9**. To strengthen the legal foundation for an effective and inclusive insurance market, the Council of Ministers has submitted to Parliament the Draft Insurance Contract Law establishing the framework governing insurance contracts and consumer protection, pursuant to Prime Minister's Letter No. 25437 dated November 11, 2025.	Prior Action maintains the policy content of the Trigger, with a specified formulation.
	Results Indicator 14. Insurance penetration (gross written insurance premiums as a share of GDP).	New Results Indicator introduced to reflect the outcomes of insurance sector reforms supported across the entire DPF series.
Results Indicator 9. Reserves accumulated in the Insurance Policyholders Protection Scheme. **Baseline**: US$ 0 (2024) **Target**: US$21 million (2028)	**Results Indicator 15.** Reserves collected (cumulative) in the Insurance Policyholders Protection Scheme. **Baseline**: US$ 0 (2024) **Target**: US$21 million (2028)	Update from reserves "accumulated" to "collected".

ANNEX 4. Required Accompanying Documentation

Letter of Development Policy

MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION

Ref. No: 5/9/1/4089

Date : 18/05/2026

Mr. Ajay Banga
President
The World Bank
1818 H Street NW
Washington DC 20433, USA

Subject: Letter of Development Policy for Jordan's Second Growth and Competitiveness Development Policy Financing (II)

Dear Mr. Banga,

On behalf of the Government of Jordan (GoJ), I hereby submit this Letter of Development Policy in support of the proposed Jordan Growth and Competitiveness Development Policy Financing (DPF II) in the amount of US$700 million. This is the second in a programmatic series of three operations aiming to accelerate private sector–led growth and job creation, increase private capital mobilization, and enhance inclusion and resilience, as outlined in the Economic Modernization Vision (EMV) and its Executive Program (2026–2029). The reforms supported by this operation reduce the cost of doing business, deepen and diversify access to finance, improve labor market flexibility and social protection for more and better jobs, strengthen women's economic participation, and support green and digital transitions within a sound macro-fiscal framework.

Country and Macroeconomic Context

Jordan has maintained macroeconomic stability despite successive regional and global shocks. Real GDP growth reached 2.6 percent in 2024 and strengthened further to 2.8 percent in 2025, supported by resilient performance in manufacturing and agriculture, alongside a robust tourism sector. Over the medium term, growth is expected to strengthen further as reforms under the EMV supports higher potential output.

Inflation remained contained at 1.77 percent in 2025, reflecting the Central Bank of Jordan's (CBJ) commitment to stability under the exchange rate peg to the U.S. dollar. The external position remained stable through 2025, with the current account deficit narrowing relative to 2024, supported by strong services exports, steady remittances inflows, and rising exports of goods. International reserves remain adequate, and investment is expected to increase as reform implementation advances.

The fiscal position continued to improve. The overall central government deficit (including grants) narrowed to 5.2 percent of GDP in 2025 alongside improvement in the primary balance, while capital spending grew faster than current spending. Public debt increased moderately to 83.3 percent of GDP in 2025, from 82.1 percent in 2024. Debt vulnerabilities are partly mitigated by continued market access, although risks from utilities and contingent liabilities persist. The financial system has remained stable with well-capitalized and liquid banks as well as relatively low non-performing loans.

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The current conflict in the Middle East has heightened uncertainty. Nevertheless, Jordan's macroeconomic framework continues to be anchored by the IMF-supported Extended Fund Facility and Resilience and Sustainability Facility, with recent reviews on track and complementary to this DPF series. Overall risks, including those arising from regional developments, lower growth levels, disruptions to trade and tourism, increases in inflation, higher energy and commodity prices, weaker remittance inflows, and utility-sector liabilities, are mitigated by prudent macroeconomic management, sustained donor support, and the EMV-aligned, results-focused reform agenda.

The Reform Program and Government's Commitment

The EMV Executive Program (2026–2029) defines the Government's delivery agenda aimed at unlocking stronger, more inclusive growth, expanding exports and foreign direct investment, and generating employment opportunities. It places strong emphasis on cross-cutting priorities, including digital transformation, the green transition, women's economic empowerment, youth and social inclusion, and investment promotion, while also introducing clear key performance indicators and a governance framework led by the Prime Minister Delivery Unit (PMDU). DPF II supports the operationalization of priority EMV initiatives through two mutually reinforcing pillars namely:

Pillar I: Improving the Enabling Business Environment

Streamlined, risk-based, and predictable licensing regime. Building on EMV priorities for unified, digital business registration/licensing and investor one-stop services, DPF II establishes implementation arrangements for sectoral licensing reform (PA 1). The reform reduces compliance costs, increases transparency and accountability across regulators, and shortens time-to-market for new and expanding firms. It complements EMV initiatives on investment facilitation, competition, and supports export diversification and private investment.

Energy market modernization for private investment. Consistent with EMV targets to scale renewables and storage, DPF II enables licensing of independent transmission systems, self-consumption generation, and energy storage (PA 2), opening market entry for private investors, fostering competition and innovation, and supporting grid resilience. This is fundamental to mobilizing private capital anticipated in the EMV pipeline and to enhance the economy's competitiveness through reliable green energy.

Digital commerce and cross-border transactions. DPF II advances legislative reforms to expand the scope of electronic transactions, establish a framework for recognition of foreign digital certificates, and enable electronic/remote notarization (PA 3). This directly supports EMV's e-government and e-commerce priorities while improving service quality and lowering costs for citizens and firms.

Labor market flexibility with social protection. To increase labor market dynamism and inclusion especially for women and youth, DPF II reduces fees and extends duration for highly skilled work permits and establishes proportional social insurance coverage for flexible work arrangements (PA 4). This encourages formal, flexible employment with social protection coverage, supports skills attraction and retention, and aligns with EMV's focus on employability, formalization, childcare and safe transport enabling conditions, and increasing women's participation in the labor market.

Pillar II: Deepening Access to Finance

Whole-of-government digital payments and account access. DPF II supports a transition to mandatory end-to-end digital workflows for government payments (from authorization to settlement and delivery), with time-bound adoption by all public entities (PA 5). This strengthens public financial management controls and service quality, lowers transaction and processing costs, and promotes digital inclusion, while also generating payments data that can further support financial intermediation. In parallel, Light Business Accounts offer simplified, risk-based account access for micro and small enterprises and self-employed individuals, advancing EMV objectives on digital finance and inclusion, with a particular focus on women-owned firms and underserved entrepreneurs.

Capital markets and alternative financial instruments. DPF II supports amendments to the Securities Law, tax neutrality for mutual investment funds, and introducing a regulatory framework for crowdfunding (PA 6). Together, these broaden financing options, mobilize longer-term private capital, and complement EMV goals to develop investment funds, Sukuk, and alternative finance vehicles. Deeper capital markets also diversify savings and investment channels and help crowd in institutional investors.

MSME cash-flow financing, DPF II enables cash-flow financing (PA 7) by requiring banks and licensed finance companies to report MSME business transaction data to the credit bureau. This expands access for smaller firms, reduces collateral dependence, and aligns with EMV's SME finance and fintech priorities.

Scaling green finance, the adoption and operationalization of Jordan's National Green Taxonomy, alongside the introduction of climate-related disclosures and reporting requirements for banks, establishes a credible framework to identify, track, and expand green finance (PA 8). This builds the financial architecture needed to support EMV's green transition, while strengthening climate risk management in the banking system and improving access to sustainable finance at lower cost.

Insurance market strengthening, the recently adopted Insurance Contract Law modernizes the legal foundation for insurance products and consumer protection framework (PA9). This strengthens confidence in the insurance market, supports higher penetration, and contributes to deeper financial sector development and greater economic resilience, in line with EMV's broader financial sector development agenda.

MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION

Ref. No:.....................................

Date :.....................................

In conclusion, the Government of Jordan reaffirms its strong commitment to the economic and structural reforms supported under this operation, which advance the objectives of the EMV and its Executive Program (2026–2029). The Government also remains committed to a third operation in the series, which will help further consolidate and deepen the reforms initiated under the first two operations.

In this context, all prior actions have been completed and the supporting policy instruments are aligned with the World Bank's assessment. The Government expresses its sincere appreciation to the World Bank for its continued partnership and support and looks forward to the favorable consideration of this operation by the World Bank's Board of Directors.

Please accept, Mr. President, the assurances of my highest consideration.

Sincerely,

Zeina Toukan.

Zeina Toukan
Minister of Planning and
International Cooperation

cc: Jean Christophe Carret Division Director / The World Bank Amman, Jordan (Fax: +962-6-568-5067)

Fund Relations Note

The latest Board-level IMF press release for Jordan is: IMF (2026, June 17). IMF Executive Board Completes Fifth Review under the Extended Fund Facility and Second Review under the Resilience and Sustainability Facility Arrangements for Jordan [Press release].
https://www.imf.org/en/news/articles/2026/06/17/pr26211-jordan-imf-completes-5th-review-under-eff-and-2nd-review-under-rsf-arrangements

Bibliography

Prior Actions	Bibliography	Operational Support
Pillar A: Improving the enabling business environment		
PA #1	WB Sectoral Licensing Prioritization Study; Preliminary Organizational and Legal Analysis for the Sports Centers Licensing; Reform Concept for the Ministry of Interior Licenses; Reform Concept for the Ministry of Health Licenses; Training Material on Good Regulatory and Licensing Practices.	Jordan Finance and Competitiveness Program I and II – (P172141; P511365); Jordan Inclusive, Transparent, and Climate Responsive Investment PforR - (P180285)
PA #2	Electrical Energy Storage Options Study; Study on Options for Legal and Regulatory Frameworks for Green Hydrogen Production, Use and Exports. Country Private Sector Diagnostic 2.0.	Electricity Sector Efficiency and Supply Reliability Program (P171296); Jordan Electricity Sector Financial Sustainability (P171303).
PA #3	Jordan Digital Public Infrastructure Diagnostic. Jobs and Growth Report.	Mashreq Digital Dialogue & DD Watch (P180980); Jordan People-Centric Digital Government PforR (P180291). Youth, Technology, and Jobs Project (P170669).
PA #4	Labor Segmentation in Jordan: A Regulatory Review; WB and ILO, The Future of Social Security in Jordan, SSC Visioning White Paper for Reforms. Country Private Sector Diagnostic 2.0. Jobs and Growth Report.	Mashreq Social Protection Policy Dialogue III (P180377); Private Sector Employment and Skills (PSES) Project (P177959).
Pillar B: Deepening access to finance		
PA #5	2023 Jordan Financial Sector Assessment Program; Jordan Digital Public Infrastructure Diagnostic. Country Private Sector Diagnostic 2.0. Jordan National financial Inclusion Strategy 2023-2028. Jobs and Growth Report.	Jordan Financial Sector Policy, Analytics, and Green Finance Program I and II - (P178738; P511942). Jordan People-Centric Digital Government PforR (P180291). Youth, Technology, and Jobs Project (P170669).
PA #6	2023 Jordan Financial Sector Assessment Program. Jobs and Growth Report.	Jordan Financial Sector Policy, Analytics, and Green Finance Program I and II - (P178738; P511942).
PA #7	2023 Jordan Financial Sector Assessment Program.	Jordan Financial Sector Policy, Analytics, and Green Finance Program I and II - (P178738; P511942).
PA #8	Green Finance Strategy 2023 – 2028; Jordan Disaster Risk Finance Diagnostic (forthcoming).	Jordan Financial Sector Policy, Analytics, and Green Finance Program I and II - (P178738; P511942); MENA Green Finance Program (P179896); Jordan Inclusive, Transparent, and Climate Responsive Investment PforR - (P180285).
PA #9	2023 Jordan Financial Sector Assessment Program.	Jordan Financial Sector Policy, Analytics, and Green Finance Program I and II - (P178738; P511942).