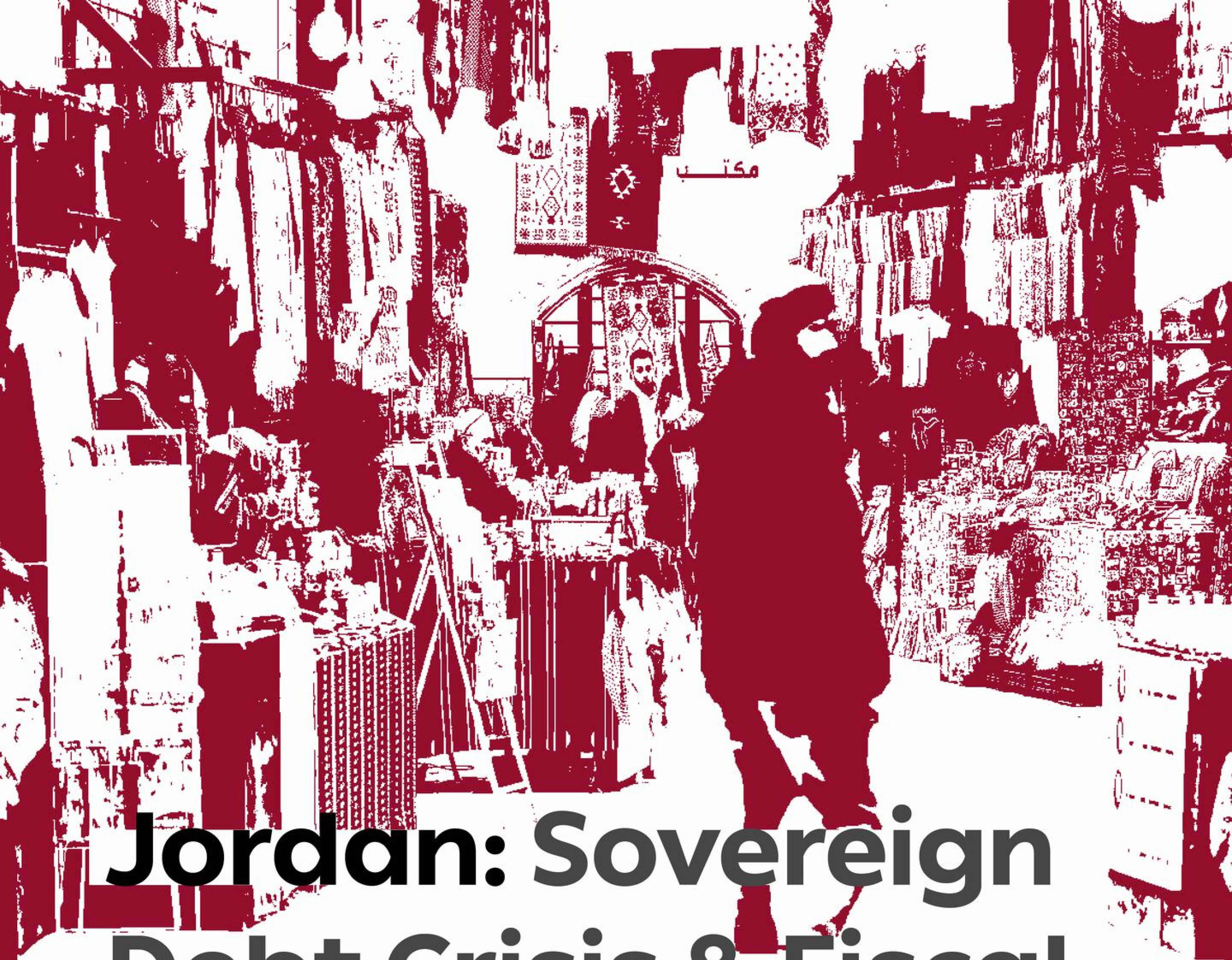
Jordan: Sovereign Debt Crisis & Fiscal Sustainability

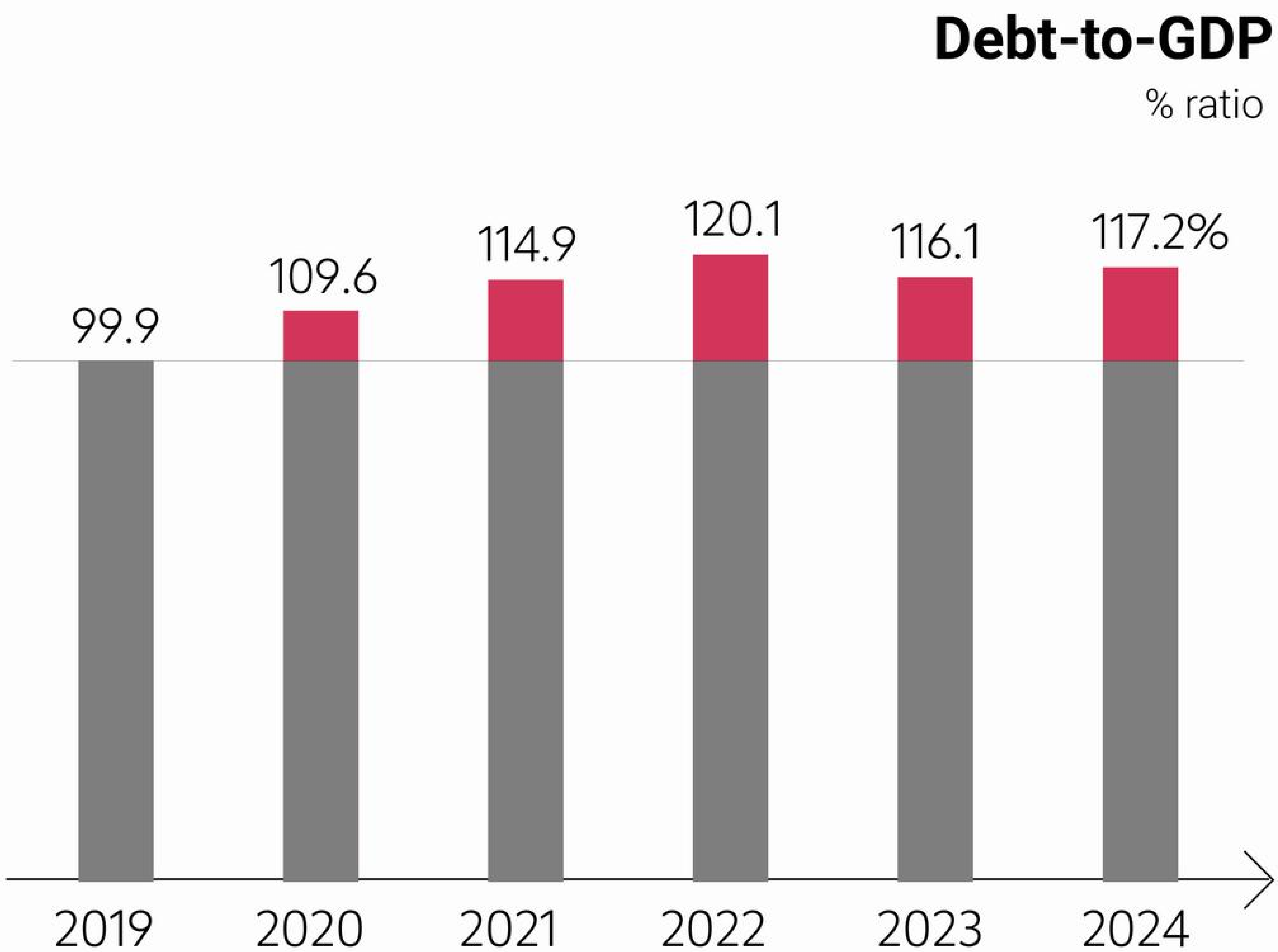
25 years
annnd
Arab NGO Network for Development
شبكة المنظمات العربية غير الحكومية للتنمية



Jordan: Sovereign Debt Crisis & Fiscal Sustainability

25 years
annd
Arab NGO Network for Development
شبكة المنظمات العربية
غير الحكومية للتنمية

Total public debt rose from JOD 29.7 billion in 2019 to JOD 43.5 billion in 2024 — a 46.5% increase. Debt-to-GDP ratio reached 117.2%, one of the highest in the region.



Debt servicing consumed 25% of domestic revenues in 2024 (up from 16% in 2019)—JOD 1.96 billion, more than total spending on health (JOD 992M) and only slightly below education (JOD 1.2B).

Indirect taxes (16% sales tax, fuel and telecom excises) make up 72% of tax revenues.
Low- and middle-income households carry the heaviest burden, while progressive income and wealth taxes remain weak.

Unemployment hovers at ~22% overall and ~40% among youth. Weak labor policies and declining union power have pushed many into informal, low-wage work without social protection.

Jordan relies on $1.45 billion annually in U.S. aid (tied to political conditions) and World Bank loans ($3.2B, 2018–2022) that impose austerity: subsidy cuts, tax hikes, and spending freezes.

Privatization of education and healthcare raised costs and reduced public sector quality. Many families now pay for expensive private services or go without—widening inequality.

Recovery requires progressive tax reform (direct taxes on wealth & corporations), shifting spending from debt service to productive sectors, reducing conditional foreign aid dependence, and creating sustainable jobs.