



JORDAN

June 14, 2022

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION AND FOURTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR AUGMENTATION AND REPHASING OF ACCESS, AND MODIFICATION OF PERFORMANCE CRITERIA— INFORMATIONAL ANNEX

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(In consultation with other departments)

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FUND RELATIONS

(As of May 31, 2022)

Membership Status: Joined August 29, 1952; Article VIII

General Resources Account:

	SDR Million	Percent Quota
Quota	343.10	100.00
IMF's Holdings of Currency (Holdings Rate)	1429.93	416.77
Reserve Tranche Position	0.83	0.24

SDR Department:

	SDR Million	Percent Allocation
Net cumulative allocation	490.92	100.00
Holdings	10.30	2.10

Outstanding Purchases and Loans:

	SDR Million	Percent Quota
Stand-By Arrangements	291.55	84.98
Extended Fund Facility	795.99	232.00

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
EFF	3/25/20	3/24/24	1070.47	590.13
EFF	8/24/16	3/23/20	514.65	223.02
SBA	8/03/12	8/02/15	1364.00	1364.00

Overdue Obligations and Projected Payments to Fund¹

(SDR million; based on existing use of resources and present holdings of SDRs)

	Forthcoming				
	2022	2023	2024	2025	2026
Principal	12.87	100.05	191.52	156.38	135.52
Charges/interest	14.74	28.73	23.99	16.88	12.83
Total	27.61	128.78	215.52	173.25	148.35

¹ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Safeguards Assessment: Under the Fund's safeguards assessment policy, the CBJ was subject to an assessment with respect to the Extended Arrangement under Extended Fund Facility (EFF), which was approved by the Executive Board on March 25, 2020. The assessment, completed in July 2020, found that the central bank continues to strengthen its safeguards framework. The assessment made a number of recommendations, which have been mostly implemented.

Exchange System: The Jordanian dinar is fully convertible and is officially pegged to the SDR. In practice, the dinar has been pegged to the U.S. dollar since October 1995 at JD 1 = \$1.41044. Jordan accepted the obligations of Article VIII, Sections 2, 3, and 4 in 1995 and maintains an exchange system free of restrictions on payments and transfers for current international transactions.

Last Article IV Consultation: The 2020 Article IV consultation was concluded by the Executive Board on April 10, 2020. The Staff Report and Executive Board Assessment can be found in IMF Country Report 20/146 at: <https://www.imf.org/en/Publications/CR/Issues/2020/04/10/Jordan-2020-Article-IV-Consultation-and-Request-for-an-Extended-Arrangement-under-the-49324>

Financial Sector Assessment Program (FSAP): An FSAP assessment is currently underway for Jordan and the corresponding report is tentatively scheduled to be presented to the Executive Board in February 2023. The previous FSAP assessment was conducted in 2008, and the report presented to the Executive Board at the time of the 2008 Article IV consultation (SM/09/104).

Technical Assistance (TA): Extensive technical assistance has been provided to Jordan over recent years (see attached table).

Documents:

Standards or Codes Assessed	Date of Issuance
Data module	10/8/2002
Update to data module	1/30/2004
Fiscal transparency module	1/9/2006
FSSA	1/7/2004

Jordan: Technical Assistance, 2013–22	
Date	Purpose
Fiscal	
January 2013	Public Financial Management
April 2013	Strengthen Risk-Based Audit
May 2013	Tax Administration Reform Agenda
May 2013	Public Financial Management
July 2013	A Review of the New Income Tax and Other Issues in Revenue Mobilization
August 2013	Advancing the Tax Administration Reform Agenda
September 2013	Commitment Control System
November 2013	Follow-Up on Arrears
February 2014	VAT Compliance and Refund Management
December 2014	Budget Preparation and Execution
December 2015	Tax Administration Diagnostic Assessment Tool
Jan./February 2016	Public Financial Management: Trust Accounts
August 2016	Broaden Indirect Tax Base and Simplify Customs Tariff Structure
December 2016	Public Financial Management: Trust Accounts
March 2017	Public Financial Management: Trust Accounts Follow-Up Visit
April/May 2017	Public Financial Management: Public Investment Management
March 2018	Expenditure Review and Rationalization
April 2018	Strengthening Central Oversight for SOEs and PPPs
April 2018	Compliance Risk Management
May 2019	Strengthening Tax Administration Performance
September 2019	Developing the Tax Audit Process
September 2019	Developing an Independent and Effective Tax Dispute Resolution Process
January 2020	Tax and Customs Administration Diagnostic
January 2020	Revenue Administration Gap Analysis
February 2020	Electricity and Water Subsidies
September 2020	Tax Dispute Resolution Process
October 2020	Preferential Tax Regimes
December 2020	Compliance Improvement Plans

Date	Purpose
March 2021	Compliance Improvement Plans
April 2021	Debt Portfolio Cost and Risk Management
June 2021	Tax Dispute Resolution Process
September 2021	Tax Expenditure Analysis
October 2021	Legislative Reform Implementation in Tax Administration
December 2021	Improving Cash Management
February 2022	Compliance Improvement Plan Implementation
February 2022	IT Modernization
Monetary and Financial	
January 2013	Implementation of Basel III and Enhancing Supervisory Practices
June 2014	Risk Management
August 2014	Developing and Implementing Early Warning System for the Banking
April 2015	Basel III Liquidity
October 2015	Insurance Supervision
March 2016	Stress Testing
May 2016	Insurance Regulation and Supervision
August 2016	Stress Testing
March 2021	Forecasting Framework for Currency in Circulation
June 2021	Developing a Forecasting and Policy Analysis System
September 2021	Developing a Forecasting and Policy Analysis System
November 2021	Central Bank Digital Currency Seminar
February 2022	Developing a Forecasting and Policy Analysis System
March 2022	Central Bank Digital Currency Exploration
Statistical	
January 2013	Price Statistics
May 2013	National Accounts
November 2013	National Accounts

Date	Purpose
April 2014	External Debt Statistics
December 2014	National Accounts
April 2015	Balance of Payments Statistics
January 2016	National Accounts
July 2016	National Accounts Statistics
October/November 2016	National Accounts Statistics
July 2017	National Accounts Statistics
November 2017	National Accounts Statistics
June 2018	Monetary and Financial Statistics
February 2019	High-Frequency Indicators
February 2019	National Accounts Statistics
April 2019	Financial Soundness Indicators
July 2019	Compilation of the 2016 Supply and Use Tables
August 2019	Consumer Price Index
September 2019	External Sector Statistics
October 2019	Supply and Use Tables
August 2020	Macroeconomic and Financial Statistics
January 2021	Macroeconomic and Financial Statistics
May 2021	Compilation Methods for Annual National Accounts
October 2021	Annual National Accounts Statistics
November 2021	Annual National Accounts Statistics
February 2022	Producer Price Index
March 2022	National Accounts Statistics
Legal	
February 2015	AML/CFT Scoping Mission
February 2015–July 2017	Legislation, AML/CFT Supervision, and FIU
September 2020	AML/CFT
June 2021	AML/CFT TTF III ICRG issues
September 2021	AML/CFT TTF III ICRG issues

RELATIONS WITH OTHER INTERNATIONAL INSTITUTIONS

- World Bank: <https://www.worldbank.org/en/country/jordan>
- European Bank for Reconstruction and Development: <https://www.ebrd.com/jordan.html>

STATISTICAL ISSUES

(As of June 7, 2022)

I. Assessment of Data Adequacy for Surveillance	
General: Data provision is adequate for surveillance.	
National Accounts: Annual GDP estimates have not been compiled since 2016 as a result of poor-quality annual source data surveys. The Department of Statistics (DOS) is working to improve the source data and develop annual GDP estimates with the support of METAC and The Economic and Social Commission for Western Asia (UNESCWA). While DOS produces quarterly estimates of GDP by production, the reliability of these estimates is hindered by the lack of comprehensive annual benchmarks.	
Price statistics: An urban-only CPI, based on 12 geographic areas covering all Jordan, is compiled and released every month. Compilation is not aligned with the COICOP classification. The weight reference period is 2018, based on the results of the Household Income and Expenditure Survey. A monthly producer price index (PPI) is disseminated on a timely basis. The 2010 weight reference period for the PPI is outdated, and work is underway to update it to 2020.	
Government finance: The authorities have initiated work to present consolidated general government data, including a financial balance sheet in accordance with the classification and sectorization systems recommended by the <i>GFSM 2014</i> .	
<p>Monetary and financial statistics: Jordan reports the monetary and financial statistics of the central bank and other deposit takers based on the standardized report forms, conforming with the IMF's methodology, and published in the International Financial Statistics. Given the importance of the other financial sector in the financial system, the next step will be to expand the coverage of MFS data.</p> <p>The CBJ reports data on several series indicators of the Financial Access Survey (FAS) including the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).</p> <p>Financial sector surveillance: Following a 2019 technical assistance mission on financial soundness indicators (FSIs), the CBJ initiated the compilation of FSIs, but timeliness of data needs further improvement.</p>	
External sector statistics: The CBJ disseminates quarterly balance of payments and International Investment Position statistics in line with <i>BPM6</i> . With remittances being an important source of foreign exchange inflows and outflows in the balance of payments, the CBJ is working on designing a revamped method to collect personal transfers series, including data collected by money transfers operators and the International Transactions Reporting System. It is expected that capturing better remittances inflows and outflows will contribute to reducing the high level of errors and omission. The implementation of a survey on foreign direct investments and related financial transactions and stock positions will further improve the quality of the balance of payments statistics. On the latter, the CBJ plans to implement a Foreign Investment Survey in 2022.	
II. Data Standards and Quality	
Jordan subscribes to the Fund's Special Data Dissemination Standard (SDDS) since January 2010. The country uses an SDDS flexibility option on the periodicity and timeliness of the labor market wages/earnings data.	Data ROSC update was published in February 2004.

Jordan: Table of Common Indicators Required for Surveillance
(As of June 7, 2022)

	Date of Latest Observation	Date Received	Frequency of Data 7/	Frequency of Reporting 7/	Timeliness of Reporting 7/	Memo Items:	
						Data quality—methodological soundness 8/	Data quality—accuracy and reliability 9/
Exchange rates			D	D	1D		
International reserve assets and reserve liabilities of the monetary authorities 1/	April 2022	May 2022	M	M	1W		
Reserve/base money	April 2022	May 2022	M	M	1M	O, O, LO, LO	O, LO, O, O, LO
Broad money	April 2022	May 2022	M	M	1M		
Central bank balance sheet	April 2022	May 2022	M	M	2W		
Consolidated balance sheet of the banking system	April 2022	May 2022	M	M	1M		
Interest rates 2/			D	D	1D		
Consumer price index	April 2022	May 2022	M	M	1M	O, LO, O, O	O, LO, O, O, O
Revenue, expenditure, balance and composition of financing 3/—general government 4/	2020	June 2021	A	A	6M	O, LO, LNO, O	O, O, O, O, NA
Revenue, expenditure, balance and composition of financing 3/—central government	April 2022	May 2022	M	M	1M		
Stocks of central government and central government-guaranteed debt 5/	April 2022	May 2022	M	M	1M		
External current account balance	Q4/2021	March 2022	Q	Q	1Q	LNO, LNO, LNO, LO	LNO, LO, LO, LO, LO
Exports and imports of goods and services	March 2022	May 2022	M	M	8W		
GDP/GNP	Q4/2021	March 2022	Q	Q	1Q	O, LO, O, O	O, LO, O, LO, LO
Gross external debt	Q4/2021	March 2022	M	M	1M		
International Investment Position 6/	Q4/2021	March 2022	Q	Q	Q		

1/ Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

2/ Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

3/ Foreign, domestic bank, and domestic nonbank financing.

4/ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

5/ Including currency and maturity composition.

6/ Includes external gross financial asset and liability positions vis-à-vis nonresidents.

7/ Daily (D); weekly (W); monthly (M); quarterly (Q); annually (A); irregular (I); not available (NA).

8/ Reflects the assessment provided in the substantive update of the data ROSC published in February 2004 for the dataset corresponding to the variable in each row. The assessment indicates whether international standards concerning (respectively) concepts and definitions, scope, classification/sectorization, and basis for recording are fully observed (O), largely observed (LO), largely not observed (LNO), not observed (NO), or not available (NA).

9/ Same as footnote 8, except referring to international standards concerning (respectively) source data, statistical techniques, assessment and validation of source data, assessment and validation of intermediate data and statistical outputs, and revision studies.

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