



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

Promoting Jordan's Economic Resilience

January 2025



**Policy
Paper**



منتدى الاستراتيجيات الأردني JORDAN STRATEGY FORUM

The Jordan Strategy Forum (JSF) is a not-for-profit organization, which represents a group of Jordanian private sector companies that are active in corporate and social responsibility (CSR) and in promoting Jordan's economic growth. JSF's members are active private sector institutions, who demonstrate a genuine will to be part of a dialogue on economic and social issues that concern Jordanian citizens. The Jordan Strategy Forum promotes a strong Jordanian private sector that is profitable, employs Jordanians, pays taxes and supports comprehensive economic growth in Jordan.

The JSF also offers a rare opportunity and space for the private sector to have evidence-based debate with the public sector and decision-makers with the aim to increase awareness, strengthening the future of the Jordanian economy and applying best practices.

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To evaluate the study



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1. Background

Resilience is increasingly recognized as a critical attribute for navigating the complexities of modern challenges. While definitions of resilience differ among organizations, a simple and direct definition is the “ability to not only recover quickly from a crisis but to bounce back better—and even thrive” (**McKinsey & Company**). Indeed, most definitions incorporate key elements like the capacity to **withstand, recover, and adapt**.

In the context of national stability and development, resilience serves as a cornerstone for ensuring long-term sustainability. **It allows countries to mitigate the adverse impacts of economic disruptions, social tensions, and environmental crises.**

For Jordan, a country often navigating geopolitical volatility and resource constraints, resilience is not merely desirable, but essential. The role of sustainability in buffering external shocks while maintaining progress across economic, social, and environmental domains underscores its significance and vitality for sustainable growth.

Jordan’s commitment to resilience aligns with its broader economic vision. For instance, the **“Economic Modernization Vision”**, launched by His Majesty King Abdullah II in 2022, emphasizes the importance of sustainable growth, inclusive development, and robust systems capable of withstanding external pressures through accelerated economic development and growth.

Within the context of resilience per se, it is informative to note that a global insurance company (**FM Global**) publishes what is called the **“FM Resilience Index”**. This Index captures the resilience of a country’s business environment in 130 countries. The Index is a practical tool designed to measure how well countries and businesses can handle disruptions and adapt to change.

In addition to the FM Resilience Index, it is also informative to note that the World Economic Forum (WEF) publishes what is called **“The Global Risks Report”**. This Report provides an overview of the most pressing global risks in the short term and long term.

This Policy Paper, published by the Jordan Strategy Forum (JSF), involves three objectives:

1. Report where Jordan stands in the 2024 FM Resilience Index.
2. Outline several observations about the 2025 WEF’s Global Risks Report.
3. Outline some policy recommendations.

2. FM Resilience Index: Overview

As stated in the background section, FM, a global mutual insurer, publishes a resilience index for 130 countries. The Index is a practical tool designed to measure how well countries and businesses can handle disruptions and adapt to change. With **18 indicators**, the index is a valuable tool for assessing the current economic and business environment, and how perceptive nations are to shock. **Countries that score highly attract foreign investment and foster innovation, whereas low-performing nations risk stagnation.**

At the level of Jordan, the purpose of analyzing this index lies in ensuring that its findings are taken into account when adopting policies that not only address short-term solutions but also contribute to achieving sustainable success in the long term. This entails ensuring that policies and investments are smart, strategic, and future-oriented—whether through guiding reforms to strengthen institutions, assisting businesses in diversifying their operations, identifying weaknesses in infrastructure, or other areas. Ultimately, this approach aims to enhance Jordan's economic standing both regionally and globally.

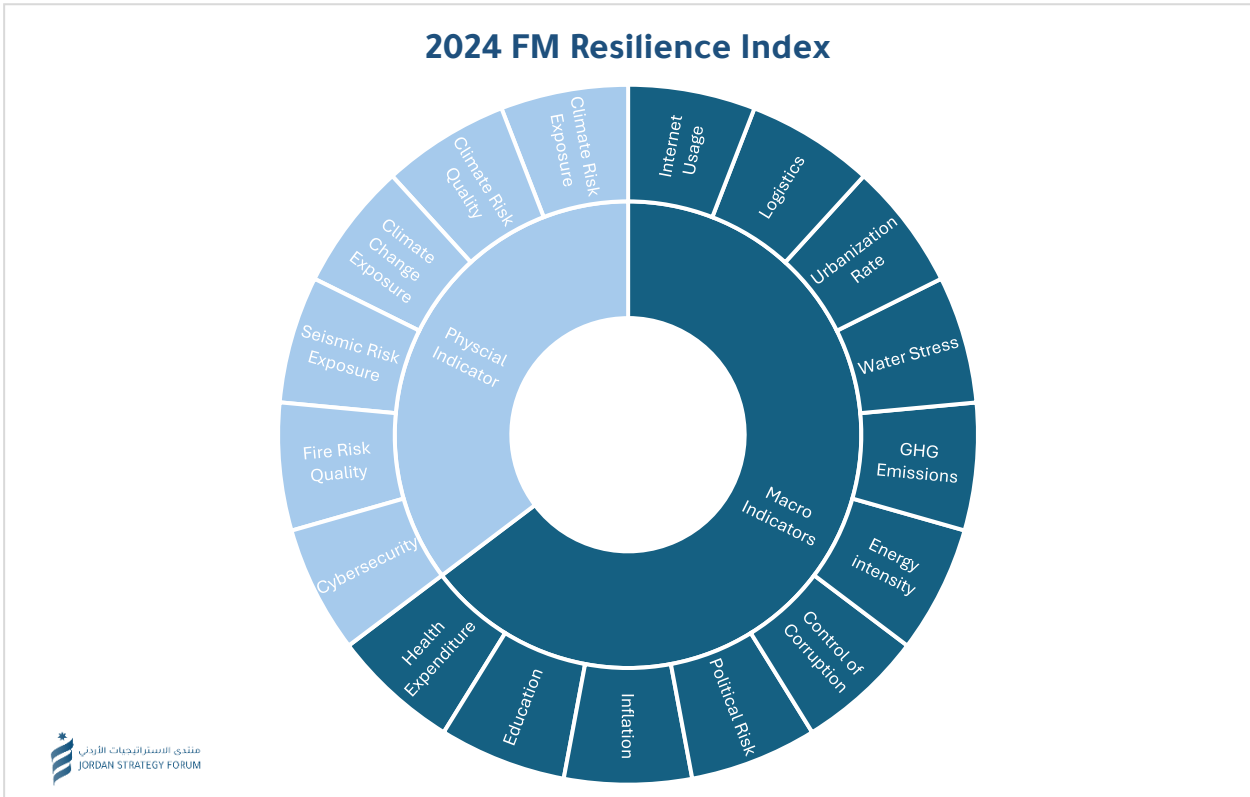
2.1. Methodology

The methodology behind the index is thorough and straightforward. It combines hard data, including qualitative and quantitative data like economic indicators and infrastructure assessments. The data is then analyzed by data engineers and specialists to compute an index score the value of which is between 0 (lowest) and 100 (highest).

The FM Resilience Index is structured around two key dimensions:

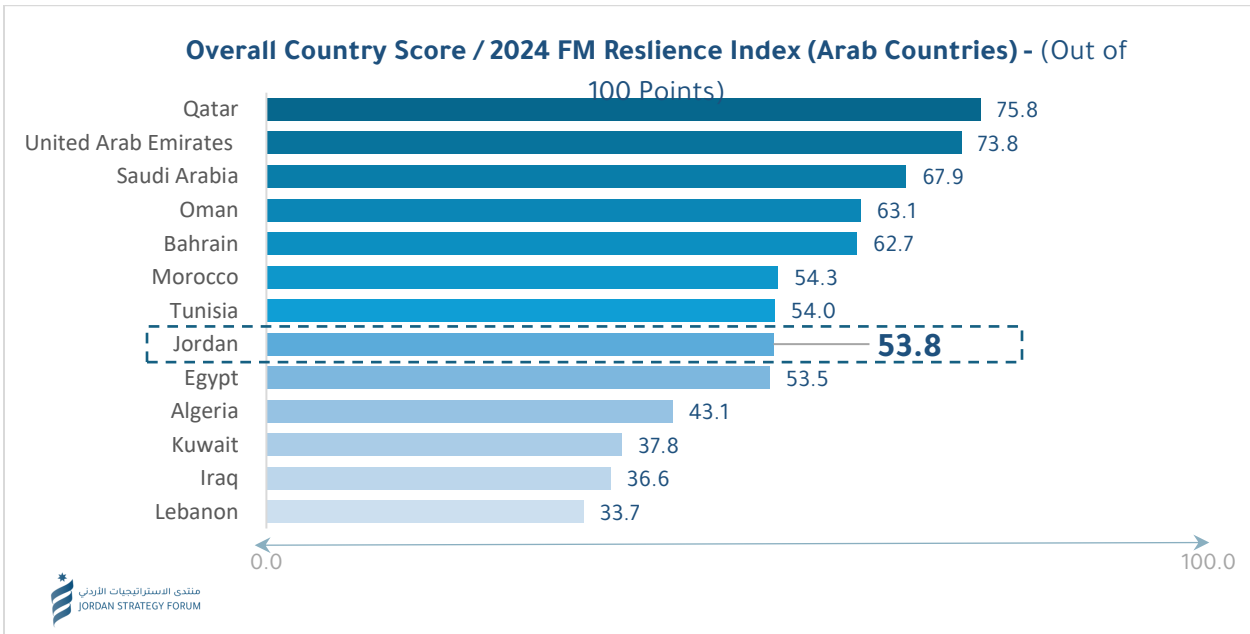
- **Macro Indicators:** These indicators focus on broader national attributes, including areas like productivity, health expenditure, education, inflation, political risk, control of corruption, energy intensity, greenhouse gas emissions, water stress, urbanization rate, logistics, and internet usage.
- **Physical Indicators:** These indicators focus on areas like climate risk exposure, climate change exposure, climate risk quality, fire risk quality, seismic risk exposure, and cybersecurity.

These indicators collectively provide insight into the systemic and institutional factors that influence resilience and adaptability.



2.2. Jordan's Performance

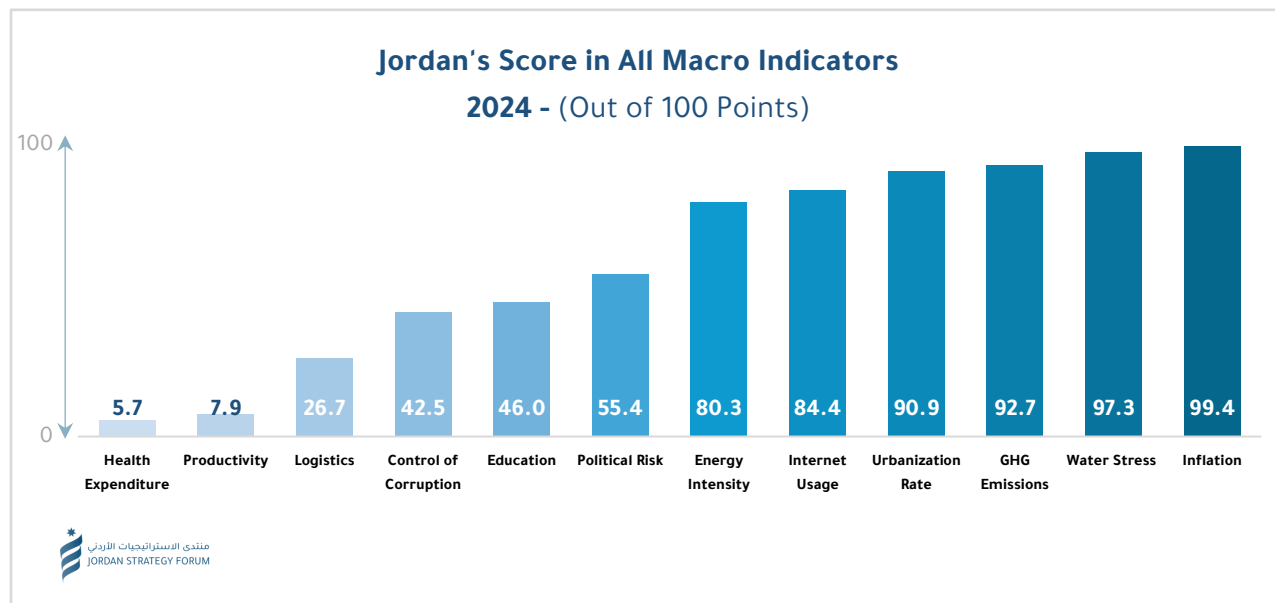
Jordan ranks **8th amongst Arab Countries** in the overall score, a position that lies in the middle. In addition, Globally Jordan ranks **72nd amongst 130 countries** and this indicates that Jordan is in a good starting point to make strategic changes and improve resilience in the face of future possibilities of adverse stressors like covid-19, regional wars, and others.



Source: 2024 FM Resilience Index

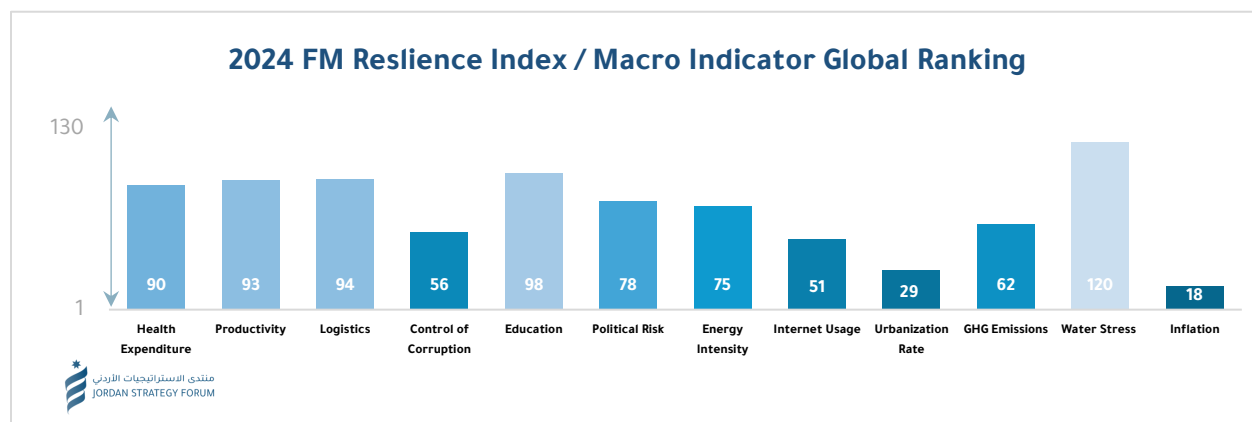
2.2.1. Macro Indicators

Jordan's performance in the 2024 FM Resilience Index reflects a mix of strengths and challenges. The numbers vividly illustrate that Jordan's performance varies wildly across all different indicators. While the country has performed relatively well in managing **inflation (99.4)**, and **reducing greenhouse gas emissions (92.7)**, it faces stark challenges in areas such as **health expenditure (5.7)**, **productivity (7.9)**, and **logistics (26.7)**.

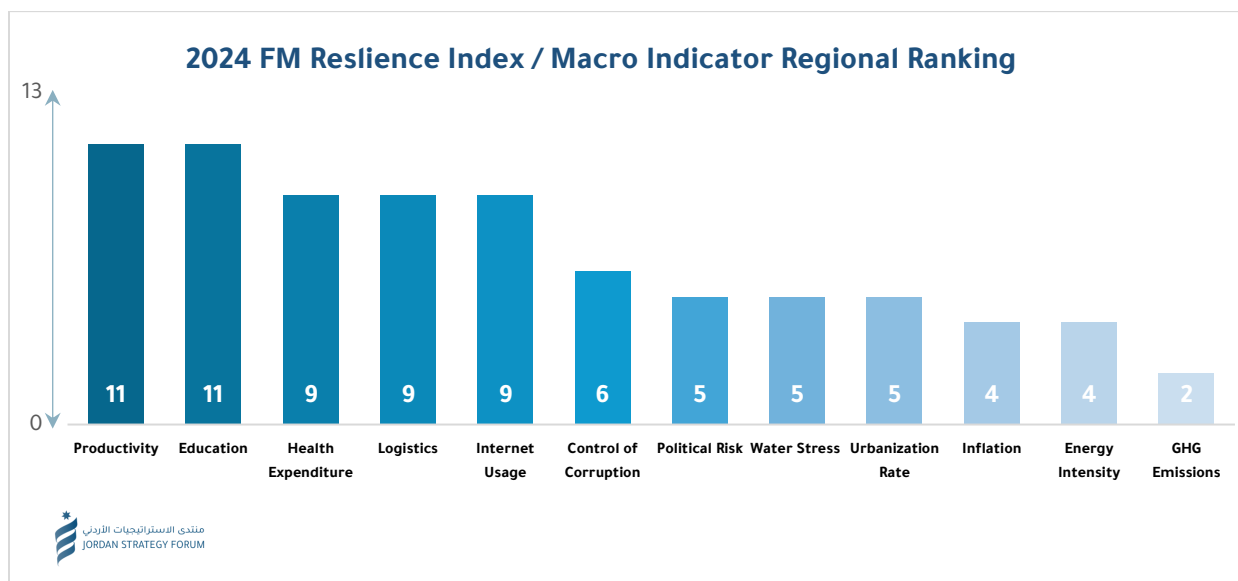


Source: 2024 FM Resilience Index

It is important to highlight that while Jordan scores well in **“Water Stress Management,”** it ranks **120th out of 130 countries**. This disparity underscores the need for a nuanced interpretation of both numerical scores and rankings to gain an accurate understanding of Jordan's overall performance.



Source: 2024 FM Resilience Index

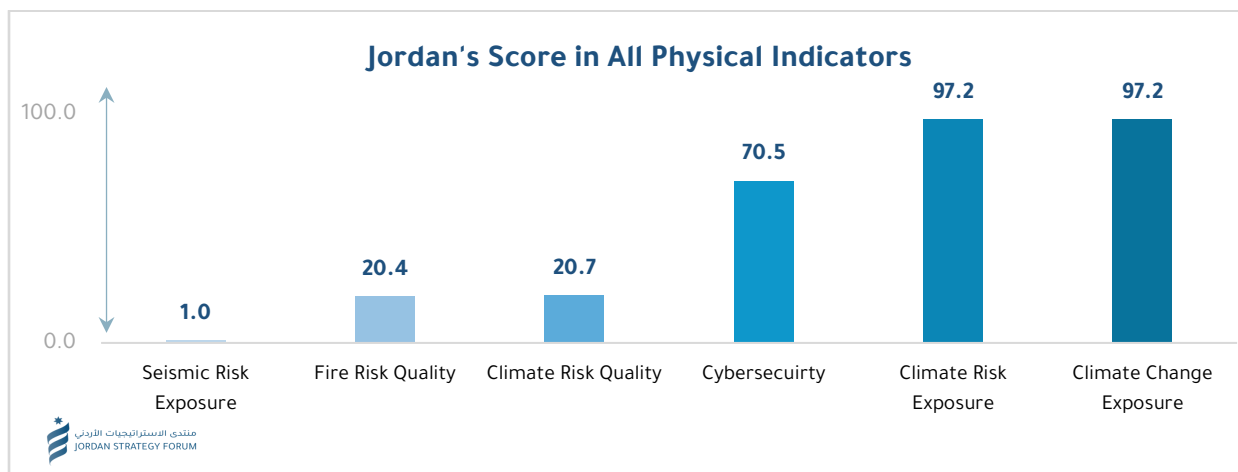


Source: 2024 FM Resilience Index

In a nutshell, a clearer picture emerges when the scores are put into context: Jordan performs reasonably well in many of these indicators. However, four key areas—**education, health expenditure, logistics, and productivity**—require significant improvement. **Addressing these low performing indicators will not only enhance Jordan’s resilience but also make it a more attractive and competitive business environment.**

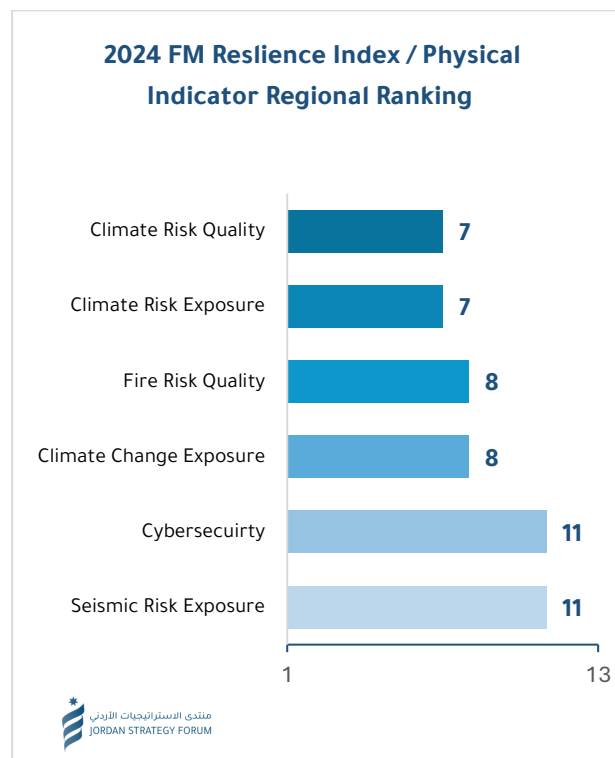
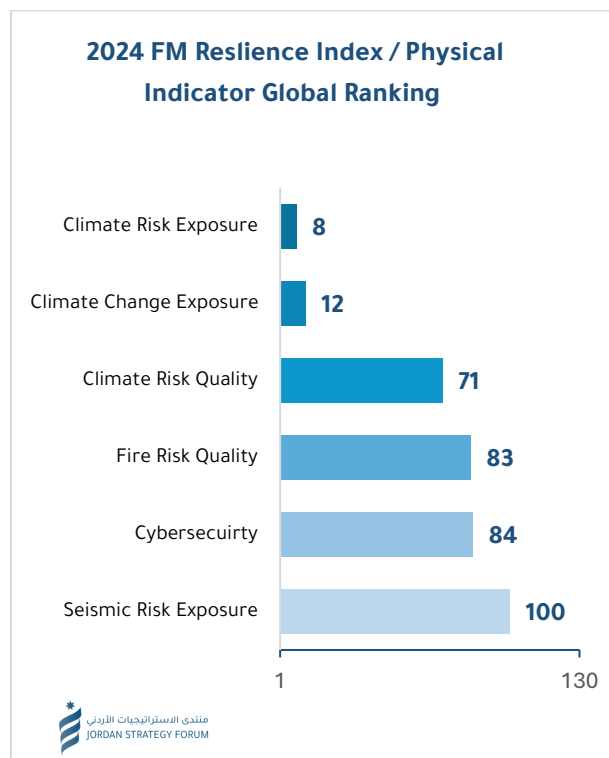
2.2.2. Physical Indicators

Jordan has made progress in addressing risks and building resilience in the face of environmental and infrastructure challenges. However, some weaknesses persist, indicating the need to keep pushing forward and strengthening the country’s ability to tackle future environmental and technological challenges.



Source: 2024 FM Resilience Index

Indicators in the physical realm need to be seen differently, as some of them exist as a force of nature such as Seismic Risk (The percentage of a country’s area devoted to economic activities that is exposed to earthquake risk). Each of the other indicators is concerned with the country’s readiness to withstand such climate catastrophes as Fire, Wind, Floods, etc. in accordance with the probability of them happening. **The best way to build more resilience when it comes to those environmental threats is to enforce building and construction codes that leave little to no room for the risk of ruin or extreme damage.**



Source: 2024 FM Resilience Index

Jordan’s strong performance in managing environmental and structural risks is partly due to its geography and environmental traits, which naturally reduce vulnerabilities. The country ranks among the best globally in climate risk and exposure, with minimal economic activity in areas prone to floods or windstorms and strong resilience to future risks projected for 2050.

However, Climate change risks will persist, especially that Jordan water scarce resources make seasonal draught a very high risk to the agricultural industry. In addition to the fact that Jordan faces **significant seismic risk**, with a large share of its **economic activity in highly earthquake-prone areas**, ranking among the highest globally.

While neighboring countries might have more resources that attract investment and business worldwide. Jordan’s competitive edge can stem from a strong economic environment; where it can be safe, sustainable, and predictable to conduct business and regular life tasks.

Indicators Where Jordan Performed Well:

- 1. Inflation:** Jordan scored exceptionally well at 99.4 in its inflation indicator, one of the measures through which a country reflects its degree of protection from destabilizing external shocks to price levels. **Jordan on a regional level had one of the lowest inflation rates**, despite global supply chains disruptions, wars and rising inflation levels globally. While the specific reasons for this are not easy to pinpoint, Inflation rates in Jordan over the years appears to be conducive for economic activity.
- 2. Urbanization and Internet Usage:** The high scores realized by Jordan in urbanization rate, 90.9, and internet usage, 84.4, **demonstrate the progress made in the development of urban infrastructure in addition to improving digital connectivity**. These achievements support **economic diversification** and improvement of the quality of life for citizens, as well as serving as a very important steppingstone to fostering innovation in different sectors.
- 3. Energy Intensity:** With a score of (80.3), **Jordan ranks 4th Regionally and 75th globally**; energy intensity is the energy consumption to GDP ratio. The indicator is very important as it highlights the energy dependency per unit of productivity. A higher intensity means that the economy depends largely on energy, thus strategies to make it **available, more efficient and cheaper, should be kept into consideration**.

Indicators with Lower Performance That Require Further Improvement

- 1. Health Expenditure:** Jordan's score of 5.7 in health expenditure and ranked (90) globally. Indicating significant underinvestment in the health sector. Strengthening healthcare systems and ensuring equitable access to quality services are essential for enhancing the population's well-being and productivity.
- 2. Logistics:** Jordan's score of (26.7) suggest systemic inefficiencies that hinder economic competitiveness. Streamlining supply chains, investing in infrastructure, and improving operational efficiency are vital to supporting the business environment and attracting foreign investment. Addressing these issues could unlock significant economic potential and drive sustainable growth.
- 3. Education:** With a score of (46), Jordan ranks below average regionally and globally. In one of the most if not the most important indicators. Education is only important for resilience, a well-educated population enhances the social and human capital of a country, boosting productivity, and growth.

- 4. Seismic Risk Preparedness:** Jordan faces considerable seismic risk, with much of its economic activity concentrated in earthquake-prone areas. This vulnerability underscores the need for stricter enforcement of building codes and increased investment in disaster preparedness to mitigate potential losses.

- 5. Productivity:** Jordan scored 7.3 in the FM index and ranked 11th in productivity in the region; that is excluding countries that lack sufficient public data such as Syria and Palestine.

In conclusion, by addressing our weakest indicator performances, Jordan can enhance its ability to navigate future disruptions and position itself as a resilient and competitive economy in the global arena. **A strategic focus on these improvements will not only strengthen national resilience but also contribute to a more inclusive and sustainable development trajectory.**

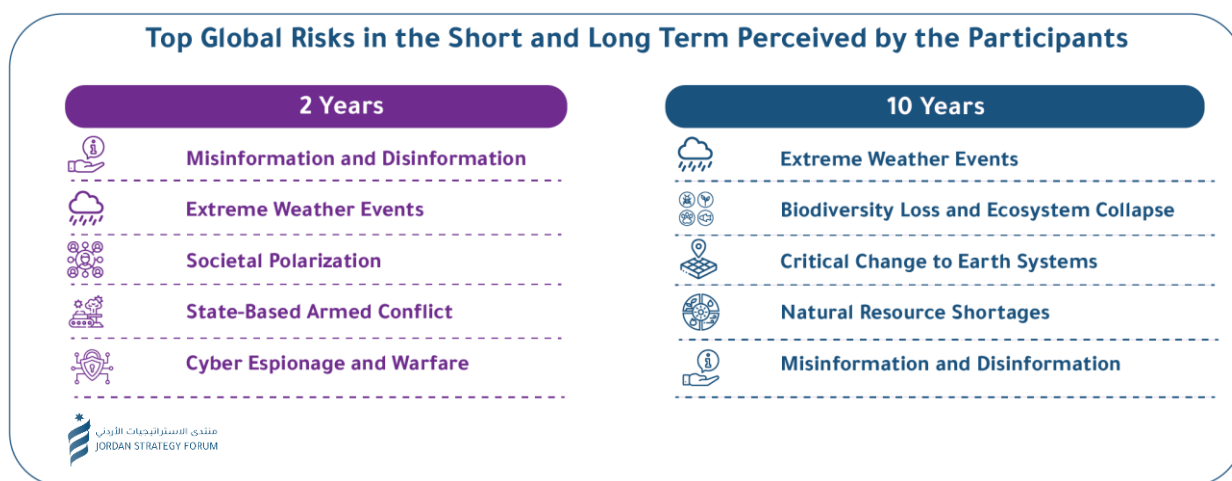
3. Global Risks 2025: WEF Report by the World Bank

The **World Economic Forum (WEF)** published its (**Global Risks Report 2025**). This Report provides an overview of the most pressing global risks in the short term and long term. This year's report (2025) **"brought together leading insights on the evolving global risks landscape from 900 experts across academia, business, government, the international organizations and civil society"**. The survey results were collected during the period from 2 September to 18 October 2024.

A **"Global Risk"** refers to the potential occurrence of an event or condition that, if realized, could have a detrimental impact on a substantial portion of the global GDP, population, or natural resources.

Based on this report, and similar to the findings of prior report (WEF 2024), **misinformation and disinformation** were identified as the bigger risk during the next two years. In addition to **extreme weather conditions** being the number one concern over the long term.

The top global risks in the short (2 years) and long term (10 years) perceived by the participants in the survey include:



Risks that concern the Earth's Climate seem to be one of the major challenges perceived by the participants, making up 4 out of the top 5 risks over the next 10 years. On another note, the 2-year global risks provide a varied perception of potential risks, including information, conflict, cybersecurity and others.

According to the World Economic Forum's Global Risks Report 2025, **Jordanian participants in the executive opinion report** identify several critical risks that pose significant challenges to the country. These concerns include:

- 1. Unemployment or the lack of economic opportunities** remains a persistent issue affecting social stability and economic growth.
- 2. Inflation ranks as the second major risk, reflecting fears over rising costs of living and the strain it places on both businesses and households.**
- 3. Economic downturns**, such as recessions or stagnation, are also a prominent concern, given their potential to stall development and exacerbate existing vulnerabilities.
- 4. Water supply shortage** emerges as a critical risk, highlighting the pressing need for sustainable water resource management in a water-scarce region.
- 5. Public debt is perceived as a significant threat**, underscoring concerns about fiscal sustainability and the country's ability to meet its financial obligations while driving forward economic reforms.

4. Conclusion and Policy Recommendations

Drawing on the analysis of Jordan's performance in the FM Resilience Index, coupled with insights from the Global Risks Report and the key risks identified by Jordanian experts as pressing challenges, a series of conclusions and policy recommendations have been developed. These are aimed at strengthening Jordan's resilience and positioning its economy for sustained competitiveness on both regional and global fronts.

- 1. Strengthening Investment in the Healthcare Sector:** Increase spending on healthcare services to ensure the provision of high-quality, affordable care, thereby addressing vulnerabilities in public health infrastructure and mitigating risks from health-related crises.
- 2. Enhancing Logistics Efficiency:** Prioritize investment in modernizing transportation infrastructure and supply chains, improving operational systems, and streamlining government procedures. Efficient logistics are crucial for mitigating risks related to supply chain disruptions and ensuring economic stability.
- 3. Advancing Education Quality:** The government must increase spending on educational services, improve their quality, and ensure accessibility for a broader segment of society. A well-educated workforce is a critical element in addressing risks tied to youth unemployment and skills mismatches in the labor market.
- 4. Managing Seismic Risks and Infrastructure:** Enforce strict building regulations and enhance compliance with safety standards. Strengthened infrastructure resilience will reduce vulnerabilities to environmental risks, particularly those posed by earthquakes.
- 5. Boosting National Productivity:** Support the business environment by simplifying regulations and procedures to stimulate growth. Encourage local industries with added value and enhance their competitiveness in global markets, thus addressing risks linked to economic stagnation and low productivity.
- 6. Sustainable Management of Natural and Water Resources:** Develop and implement sustainable strategies to address water scarcity, one of the most pressing risks facing Jordan. Ensuring effective water resource management will mitigate challenges to agricultural and industrial sectors.

- 7. Leveraging Jordan's Digital Strengths:** Build on the country's advanced digital infrastructure to drive digital transformation across various sectors. Support technological innovation to enhance economic growth, create new job opportunities, and address risks stemming from technological divides and digital security concerns.

- 8. Advancing National Cybersecurity:** Enhancing investment in early detection and rapid response systems, expanding specialized training for employees, and fostering collaboration with international partners to exchange expertise.

- 9. Adopting a Circular Economy Approach for Sustainable Growth:** Strengthening policies and initiatives that facilitate the transition to a circular economy by reducing waste and promoting resource reuse. This includes launching national recycling programs, encouraging industries to adopt technologies that repurpose raw materials, and providing incentives for businesses that implement circular economy practices. These efforts will help reduce dependence on imported resources and foster long-term economic sustainability.

- 10. Enhancing Social Capital and Trust:** Strengthening communication channels between the government and citizens by promoting transparency, engaging the public in policy-making and decision-making processes, and implementing development programs that address citizens' needs. These efforts will reinforce a sense of belonging and increase trust in public institutions.



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