Jordan: social protection in a low employment state

Cousins, Mel

Trinity College, Dublin

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This article examines the Jordanian social protection system. Part 1 outlines the demographic and social context, including data on the level of poverty and inequality in Jordan. Part 2 discusses the challenges and opportunities facing Jordanian policy makers while part 3 describes the social protection system (including the role of development partners). Part 4 outlines the key issues and challenges in social protection reform while part 5 concludes.

1. Jordan: Economy and society

Jordan is a lower middle income country with a population of 6.0 million (2010) and a per-capita GDP of US$ 4,560 (2010). Jordan’s economy is dominated by services, which account for over 70 percent of GDP and more than 75 percent of jobs. The country’s main natural resources are potash and phosphate. Agricultural land is limited and water is scarce. Almost 80 per cent of the population lives in urban areas. The population is also one of the youngest among lower-middle income countries, with 35 percent under the age of 14. Conversely there is a very small older population with only 3.2 per cent of the population over 65.

In 2010, the percentage of the Jordanian population below the ‘absolute’ poverty line was 14.4%.\(^1\) This amounts to a total of almost 120,000 households (or 900,000 individuals). Allowing for changes in methodology, it appears that from 2002 to 2010, the absolute poverty rate has fallen. In 2010 the poverty rate varied considerably, by governorate, from a low of 6.8% to a high of 26.6%.\(^2\) However, the highest total numbers of the poor live in the capital Amman. The Gini coefficient, in 2010, was 0.376.\(^3\) In 2010 the share of the poorest decile in national consumption was 3.5% (and the share of the poorest quintile in national consumption was 8.1%). This means that in 2010 the poorest ten percent of the population were responsible for only 3.5% of national consumption. In terms of the UNDP’s human development index, Jordan falls into the medium human development group.

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\(^1\) Calculated as the level beneath which the minimal requirements for survival (i.e. minimum calorific requirement plus essential non-food items) are unmet. The absolute poverty line is equal to an expenditure of 814 JD per individual per year (or 67.8 JD per individual per month). For a longer term perspective, see CCSS, 2010.

\(^2\) Studies have also identified a number of rural ‘poverty pockets’. A ‘poverty pocket’ represents a rural district or sub-district in which more than 25% of the population are below the absolute poverty line. They identify areas with a high incidence of poverty as opposed to an area with high total numbers of the poor.

\(^3\) The Gini coefficient is a measure of income inequality and ranges from 0 (perfect equality) to 1 (perfect inequality). It is commonly found in the range of 0.3 to 0.5 for per capita expenditures. It has, however, been suggested that the Gini coefficient may underestimate income inequality in Jordan due to a failure to fully capture the wealthiest households in surveys: UNDP (2011, 26-27).
**Table 1: Indicators for Jordan, 2011**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Jordan ranking</th>
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<tbody>
<tr>
<td>Human Development Index</td>
<td>95/187</td>
</tr>
<tr>
<td>Global Competitiveness Report</td>
<td>65/139</td>
</tr>
<tr>
<td>Transparency International Corruption Perceptions Index</td>
<td>56/182</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>73.4</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>37.7</td>
</tr>
<tr>
<td>Freedom House Index (Internet)</td>
<td>Partly free</td>
</tr>
<tr>
<td>Freedom House Index (Press)</td>
<td>Not free</td>
</tr>
<tr>
<td>Global Gender Gap Report</td>
<td>117/135</td>
</tr>
</tbody>
</table>

Table 1 sets out a range of international indicators for Jordan. Generally Jordan performs in line with or better than other countries in the region. For example, Jordan’s ranking of 0.698 on the human development index (giving a ranking of 95th) is above the average for Arab States of 0.641.

### 2. Challenges and opportunities

**Economic growth but a low employment rate**

The Jordanian economy experienced high economic growth during the period 2000 to 2010, when the Gross Domestic Product (GDP) increased at an average growth rate of 5.4 per cent. However, economic growth has not led to significant job growth amongst Jordanians and the employment rate (i.e. percentage of the population over 15 in employment) in the most recent labour force data (2011) is only 34.2 per cent. In other words only one-in-three Jordanians over 15 are actually working in the paid labour force. Non-employment is especially high amongst young Jordanians. The most recent unemployment data show that the highest rate of unemployment was recorded in the age groups 15-19 and 20-24 years (34.3 and 27.2 per cent respectively). There has, however, been a significant growth in non-Jordanians employed in Jordan with most recent figures estimating a number of about 300,000 foreign workers.

The most recent unemployment data cite an unemployment rate of 12.1 per cent. However, these data are not very meaningful. On the one hand, as indicated by the low employment rate, many people of working age are not in the labour force at all. On the other hand, surveys indicate that there is a mismatch between those Jordanians counted as unemployed and available work. World Bank analysis (2008) suggested three reasons for this: first, many of the available jobs are in a different geographical location to the unemployed people. Second, employers prefer non-Jordanian labour due to employability issues (better work behaviour and productivity). Finally, there is a mismatch between the expectations of the unemployed and available jobs. A large-scale survey found that over half those categorised
as unemployed (54 per cent) were not prepared to accept available employment at prevailing wages (World Bank, 2008).

Conversely, significant numbers of well-educated Jordanians work abroad, especially in the Gulf States. It is estimated that up to 1 million Jordanians work abroad and remittances from expatriates make up an enormous 12 per cent. of GDP.

**Very low female employment**

Employment amongst women is extremely low and the most recent data show that only 14.9 per cent of women over 15 were categorised as being in the paid labour force. Better educated women are much more likely to work and over half of women in employment (55.8 per cent.) are professionals. This very low level of employment has the consequence that relatively few women (particularly poorer women) are covered for social insurance and pensions.

**Dominance of small business and large informal sector**

The Jordanian economy is dominated by small business. It is estimated that 89 per cent of businesses employ 1-5 persons and a further 9 per cent employ 20 persons or less. The large informal (or semi-informal) sector makes it difficult to provide social protection by way of social insurance as it is very difficult to ensure full coverage of workers in these sectors. Although coverage under the Jordanian social insurance scheme has now been extended to workers employed in businesses of less than 5 workers (but not to the owners) this is creating significant difficulties for the Social Security Corporation in implementation as it is very difficult to control such small enterprises and requires new business models for the SSC. The micro and small and medium enterprises are the main employer of Jordanians with 70 per cent of the entire workforce being employed in such businesses. However, these enterprises contribute a much lower proportion of economic output.

**Refugees**

Jordan has been to the forefront in accepting refugees from other states in the region dating back to the 1940s when many Palestinian refugees first came to Jordan. Palestinian refugees, some of whom still live in ‘camps’, but many of whom are dispersed amongst the general population, constitute a large proportion of the overall Jordanian population and most have Jordanian citizenship. Services are provided to Palestinian refugees, especially those in camps, by UNRWA but many also avail of services provided by the Jordanian social protection agencies including health care. The costs to the Jordanian government of providing such services are generally not disaggregated. More recently Jordan has seen an influx of Iraqi refugees (supported by UNHCR and other agencies) although there is a lack of agreement about the numbers involved. At the time of writing, Syrian refugees have begun to enter the country and it is, as yet, too early to predict the challenges which may arise from this latest regional conflict.
Government current expenditure deficit and debt

The possibilities for the government to invest in any area are somewhat constrained by the level of government deficit. In 2010, the central government recorded a budget deficit (after foreign aid) of 5.4 per cent of GDP. Although this is lower than the deficit in 2009 (8.5 per cent) it obviously indicates a rising level of government debt and consequent constraints on public expenditure. Overall public debt is estimated at about 60 per cent of GDP.

Arab Spring and political instability

Although Jordan remains a relatively stable society in comparison to other countries in the region, the political and economic instability arising from the Arab Spring pose obvious challenges to the Kingdom. There has already been one change of government since the beginning of the Arab Spring (though indeed government changes were frequent even before that) and elections have been promised for later in 2012. This political instability can lead to difficulties in creating a clear policy direction and the overall instability can have an economic impact though a significant fall in tourism (one of Jordan’s key industries) and disruption to energy supplies.

Opportunities

However, despite the potential for instability, Jordan remains a relatively stable country with a growing economy, and a functioning government and administration. In addition, Jordan has among the best education indicators in the region (although some have questioned the quality of the education provided). The country also attracts significant support from international donors. Finally there has been considerable analysis and recommendations by both international and national bodies of the necessary reforms in the areas of labour and social protection policy. Thus the basis exists for deciding on and implementing key reforms in the social protection field.

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4 See, for example, World Bank (2008); Chaaban (2010); UNICEF (2011).
3. Social Protection in Jordan

This section provides an analysis of the current situation of social protection reform in Jordan; the roles and functions of Jordanian public authorities in the process of the reform; and the needs/challenges faced by the Government. It, first, outlines what we mean by social protection for the purposes of this study. Second, it describes the key social protection agencies in Jordan. Third, it outlines the supports currently provided by international bodies in the social protection area.

Defining social protection

Definitions of social protection used internationally vary widely. A recent study for the EU Commission (2011) states that social protection refers to policies and actions that:

- enhance the capacity of all people, but notably the poor and vulnerable groups, to escape from poverty, or avoid falling into poverty, and better manage risks and shocks, and
- aim at providing a higher level of social security through access to health services and income security and facilitate access to essential services throughout active and inactive periods and periods of need throughout the lifecycle.

This definition of social protection covers a range of provision and services: both social services and social benefits (social assistance and social insurance):

<table>
<thead>
<tr>
<th>Social Protection</th>
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<tbody>
<tr>
<td><strong>Social Services</strong></td>
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<tr>
<td>Services designated to provide meaningful opportunities for social and economic growth of the disadvantaged sector of the population in order to develop them into productive and self-reliant citizens and promote social equity.</td>
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<tr>
<td>Relief to those who are poorest in cash or kind.</td>
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For the purposes of this study we focus on this concept of social protection and on the Jordanian institutions, public and private, engaged in the provisions of these services and benefits. Although labour market policies (and related measures such as entrepreneurship and micro-finance) are very important from a social protection perspective, they do not form the focus of this study. Similarly, we do not discuss here issues concerning education or health policies.
Jordanian social protection institutions

The key public bodies involved in the planning and provision of social services, social assistance and social insurance in Jordan are the Ministry of Social Development, the National Aid Fund and the Social Security Corporation respectively (see figure).

Although the Ministry of Labour is, in a certain way, the Ministry responsible for the SSC (the Minister for Labour is the chair of the SSC), the SSC is an independent statutory body and the Ministry of Labour is otherwise mainly responsible for labour market rather than social protection policies.

As with other countries in the Middle East and North Africa (MENA) region, the establishment of systems of social protection in Jordan had more to do with nation-building and state-building, and with creating a social base of support for the emerging nation-states or regimes, than with any concept of citizen rights. (Karshenas and Moghadam, 2005, 4).

Ministry of Social Development - The strategic objective of MoSD is to contribute to the development and implementation of integrated social policy. The Ministry is responsible for the provision of social services to a wide range of disadvantaged persons including young people and children (including some functions in the area of juvenile justice such as the operation of care centres for young offenders), families, and people with disabilities. These services are planned and co-ordinated centrally and are provided at a local level though social services directorates and offices in each of the 12 governorates. The Ministry is also responsible for the development of policy responses in these fields. In particular, the Ministry, in conjunction with other Ministries and UNDP, is currently developing a poverty reduction strategy which it is planned to finalise in 2012. MoSD is also the Ministry responsible for the provision of cash assistance to disadvantaged groups through the National Aid Fund (NAF). Existing functions and capacities for service monitoring, and standards setting are quite
limited. Structured co-operation with other government agencies, for example active labour market institutions, also appears to be quite limited, although this seems to be an endemic problem in Jordanian public services and not one confined to MoSD.

National Aid Fund - The National Aid Fund (NAF) is responsible for the provision of cash assistance to disadvantaged Jordanians. Cash assistance is provided on a categorical basis, i.e. it is provided to specific categories of person (normally where nobody in the target family is in employment).

<table>
<thead>
<tr>
<th>Table 2: Categories supported by NAF</th>
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<tbody>
<tr>
<td>Families without breadwinner</td>
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<tr>
<td>Elderly and their families</td>
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<tr>
<td>Families of 100 per cent. disabled</td>
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<tr>
<td>Families of prisoners and detainees</td>
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<tr>
<td>Families with foster children</td>
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<tr>
<td>Families with a breadwinner absent less than one year</td>
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<tr>
<td>Humanitarian cases</td>
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<tr>
<td>Exceptional cases</td>
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<tr>
<td>Widowed women without dependants</td>
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<tr>
<td>Divorced women without dependants</td>
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<tr>
<td>Single women without dependants</td>
</tr>
<tr>
<td>Women no one is looking after, non-Jordanian</td>
</tr>
<tr>
<td>Persons caring for people with disabilities</td>
</tr>
<tr>
<td>Families with workers in temporary jobs</td>
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<tr>
<td>Families with criminal records</td>
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</tbody>
</table>

NAF provides cash support (long-term supplementary income aid, emergency aid, assistance to disabled people, assistance to disabled people for physical rehabilitation, financing of vocational training for the beneficiaries) with minimum benefits equal to JD 40/person/month up to a maximum of JD 180/family/month for a family of five or more persons (note that benefits are below the current poverty line). In 2010, NAF provided support to about 80,000 families (and 200,000 persons) with a total budget of JD 90 million. NAF services are provided through local offices based in the social services directorates of the MoSD. Largely due to budget limitations, only about 15 per cent of the poor benefit from assistance provided by NAF (UNICEF, 2011). However, although far from perfectly targeted, the majority of resources provided by NAF does go to the poorer households.
Table 3: Distribution of NAF Beneficiaries and Benefits (per cent. to each Quintile)

<table>
<thead>
<tr>
<th></th>
<th>Q1 (poorest)</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5 (wealthiest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>47</td>
<td>23</td>
<td>15</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Distribution of benefits received</td>
<td>49</td>
<td>25</td>
<td>14</td>
<td>8</td>
<td>4</td>
</tr>
</tbody>
</table>


As discussed below, the World Bank has proposed that the current categorical approach should be replaced by an alternative targeting mechanism (the main option proposed being a proxy means test approach). However, the Government of Jordan (GoJ) has been reluctant to accept this approach due to concerns about the political impact arising from the fact that there would be significant numbers of ‘losers’ in any such reform.

Overall, the services provided by MoSD fall into the second (remedial) limb of the definition of social protection set out above. The ‘capacity-enhancing’ limb of the definition is not significantly addressed by current social policies and there appears to a lack of a strategic approach to assisting people to escape poverty or to avoid falling into poverty.

Social Security Corporation - The SSC is an autonomous public body responsible for the implementation of old age, disability and death pensions and occupational health and safety benefits. In September 2011, new maternity and unemployment insurance schemes have been introduced although it will be some time before benefits become payable under these new schemes. In 2010, about 900,000 Jordanian workers were insured with the SSC and this number will continue to rise as the ‘coverage extension’ project is implemented, i.e. the extension of insurance cover to employees in businesses employing 5 workers or less. In 2010, 120,000 persons were in receipt of pensions from the SSC.

Although, by definition, those insured with SSC are in employment (and, at least in the past those in more stable employment), nonetheless the benefits provided by SSC play an important role in reducing poverty. According to a study conducted by SSC in 2010 on the impact of pensions from social security, civil and military retirement on poverty, it was found

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5 Proxy means testing identifies beneficiaries by a set of weighted indicators which are highly correlated with low income and which can be obtained more easily and reliably than information on household income or expenditure.


7 The maternity scheme is a standard maternity insurance scheme for women who take time off from work due to pregnancy. The unemployment insurance scheme, however, is an ‘individual account’ type scheme whereby, subject to certain conditions, contributions ‘saved’ by the worker (and employer) can be drawn on in the case of unemployment.
that pensions assisted in raising 5.8 per cent. of the population and 4.6 per cent. of Jordanian families from living below the poverty level in the year 2006. The study revealed that the poverty rate would have increased from 12.8 per cent. to 18.6 per cent. during the same year if the pension was excluded.

Unlike most European social security institutions, contributions to the SSC currently greatly exceed its outgoings and the SSC has a large pension fund (representing about 25 per cent. of annual GDP in 2010) which, contrary to best practice, is almost entirely invested in Jordan. However, the longer term sustainability of the SSC is threatened by a very generous pension system with a very low retirement age (as low as 45 in some cases). The World Bank (and other agencies) have called for reform in this area which are reflected in the National Agenda. Indeed a temporary law implementing important reforms was adopted by decree in 2010. This requires to be confirmed by Parliament and the changes proposed are politically unpopular. Given pending elections, it is far from clear that the law will be adopted by Parliament in 2012.

Non-governmental bodies - Non-governmental organisations (and community based organisations) are also heavily involved in the provisions of social services and social assistance in Jordan although there does not appear to have been any overall audit of their work. These include the Zakat Fund, funded through voluntary contributions, which operates under the auspices of the Ministry of Awqaf and Islamic Affairs and in collaboration with 195 Zakat committees. It provides cash assistance to poor persons of all ages, with a particular focus on ‘orphans’. Benefits are equal to JD 30/month plus JD 5 per person with no upper limit on the number of beneficiaries. Research suggests that Zakat funds are not well targeted and while almost 30 percent of Zakat beneficiaries are from the poorest quintile, the majority of beneficiaries are not poor. In fact, a larger share of Zakat benefits goes to households in the wealthiest quintile (25 per cent.) than to households from the poorest quintiles (20 per cent.) (UNICEF, 2011).

A recent study reports the existence of over 1,500 ‘social and charity societies’ in 2010 with a membership of 788,000 (Urdun Jadid Research Centre, 2010). The report states that charitable societies largely focused on their local constituencies and were not influential at a national level. NGOs provide a range of services including services for disadvantaged children and people with disabilities. A study of health care in Jordan, reports that about 50 NGOs offer health care services in Jordan (mainly in Amman) ranging from GP services, gynaecology services, paediatric clinics and dental services. The General Union of Voluntary Societies (GUVS) is a Jordanian non-profit, non-governmental organization that was established in 1959. Its acts as an umbrella organization for local NGOs/community-based organizations (CBOs) and charitable societies in Jordan. GUVS operates through sub-unions present in each of Jordan’s twelve governorates. It is stated that up to 1,500 local organizations have membership in GUVS through the local sub-unions.
Development partners

World Bank - The World Bank has a large scale ($11 million) project operating in MoSD and NAF since 2008 and running to 2013 (Social Protection Enhancement Project). It is co-funded by the Government of Jordan and a loan from the Bank. The project has three policy domains:

A. Capacity building in MoSD, NAF, Department of Statistics (DoS) and the (now defunct) Central Committee for Social Solidarity (CCSS). This includes IT infrastructure, HR support, and monitoring and evaluation.

B. Capacity building and developing targeting mechanism in NAF. The WB has been advocating the use of the proxy means test (PMT) – as in other countries in the region – and has carried out a pilot study of the potential impacts. However, as these studies indicate that about 30 per cent to half of current beneficiaries would lose out using a reformed targeting mechanism (see table 2 above), successive governments have been reluctant to adopt this approach.

C. Social services in MoSD. This includes setting standards for social services; advocating and supporting a move to a family-centred approach for children in care; piloting integrated social services at a local level; and establishing an innovation fund to support CBOs.

In addition to the policy resistance in relation to the proxy means test (discussed above), the project has also encountered significant administrative resistance to change and although it has designed new business processes and structures for MoSD and NAF, these have yet to be approved. The most recent review of progress categorised overall progress as ‘moderately unsatisfactory’. However, good progress has been made in Component C of the project which aims to improve access to and quality of social work and care services.

International standards for social services of Ministry of Social Development are being established and new innovative models are being piloted related to integrated social service centres, resource information centres for people with disability, and family-care based models.

USAID - USAID supports a number of relevant projects in Jordan. These include the Fiscal Reform project and support to youth employment. The Fiscal Reform II Project (FRP II) assists the GoJ in enhancing the macroeconomic foundations for growth by improving government spending, taxation, and fiscal policy. FRP II works towards five objectives:

1. Improved efficiency of use of public resources through stronger public financial management.
2. Results-oriented government.
3. Enhanced revenue mobilisation through better revenue administration.

This section is an overview of key projects and is not intended to be a comprehensive survey of all supports in the general social policy area.
4. Adoption of resource-saving reforms in selected government programs through sound policy analysis initiated from the Ministry of Finance.

5. Increased efficiency in trading across borders.

In the area of social protection, the project has done some analysis of the work of NAF (mainly from an administrative perspective) and has published its analysis and proposals (USAID, 2012).

USAID is also supporting a large-scale project on youth employment (Youth:Work Jordan) targeted at ‘drop outs’ and unemployed youth (aged 15-24). It is a collaborative, community-based initiative to promote marketable job skills, improve social services, and expand civic engagement opportunities and operates in nine locations in partnership with MoSD, MoL and the Ministry of Youth and Sports, and NGOs. It has a total budget of $33 million. USAID is also working to strengthen the capacity of the NGO registry in MoSD and has a capacity building project with NGOs/CBOs. USAID is also assisting SSC in developing actuarial capacity.

**UNDP** - One of the key themes of the UNDP’s work in Jordan is to support the Kingdom in providing solutions to the challenges of reducing poverty and achieving the Millennium Development Goals (MDGs). As part of this approach, UNDP provides the technical support to the GoJ to improve the capacity of the Department of Statistics (DOS), and the Ministry of Planning and International Cooperation (MoPIC) in generating, using, and monitoring poverty related data and analysis in decision making. Of particular relevant, the UNDP – in conjunction with Columbia University - is supporting the MoSD in developing the proposed poverty reduction strategy. This is intended to cover five sectoral areas: welfare and gender; employment and entrepreneurship; inclusive health and education; agriculture, environment and rural development; and infrastructure and housing.

**UNICEF** - UNICEF is currently carrying out a range of activities in the area of social protection. In addition to commissioning the recent review of social protection (in conjunction with MoSD) (UNICEF, 2011), the agency is supporting the Zakat Fund in capacity building and reform. UNICEF are also supporting the establishment of three integrated service structures to provide a comprehensive service to families and is providing capacity building for MoSD offices.

**ILO** - The ILO is currently advocating the establishment of a ‘social protection floor’ in Jordan. The social protection floor is a global social policy approach, advocated by the ILO and other UN agencies, promoting integrated strategies for providing access to essential social services and income security for all. The ILO is currently working with the SSC to provide a ‘rapid assessment’ of the possible costs of introducing a social protection floor in Jordan. A report is expected to be available shortly.
4. Key issues and challenges in social protection reform

This section discusses the key issues and challenges facing social protection reform in Jordan drawing on recent studies including UNICEF (2011).

Weak labour market and significant poverty

It is clear that it will be difficult for any country to design an adequate social protection system where only one-in-three adults are employed in the paid labour market. The low level of employment is obviously one of the contributors to the level of poverty in Jordan. While 14.4 per cent of the population in poverty may not seem excessively high, this is a function of the rather low poverty threshold. As indicated by the rather high level of inequality in Jordan, a more relative approach to poverty would give a much higher proportion of the population categorised as poor. Even on the restricted measure of poverty, as referred to above, some governorates have very high levels of poverty.

Lack of strategic approach

The ‘National Agenda’ (2006-15) sets out a programme of action in a range of policy areas. The chief objective of the National Agenda is to improve the quality of life of Jordanians through the creation of income-generating opportunities, the improvement of standards of living, and the guarantee of social welfare. In the area of social welfare, the National Agenda identifies poverty alleviation and social security as priority areas and sets out a number of initiatives in these areas. However, despite the existence of documents such as the National Agenda, there is a lack of any overall strategic approach to social protection and poverty reduction. The ongoing drafting of a poverty reduction strategy provides an opportunity to redress this and to move towards a more strategic and integrated approach (although the timeframe currently contemplated is very constrained).

There are a plethora of documents described as strategies in the field of social protection including a disability strategy, the existing poverty reduction strategy, an ‘orphans’ strategy, a strategy on microfinance, etc. However, there is little indication that such documents are intended to set out a strategic policy direction or (if they are) that coherent structures are out in place to implement them. There does not appear to be a culture of monitoring and evaluating of these ‘strategy’ documents but anecdotal evidence would suggest that they have had (at best) a limited impact in improving social protection policies and services.

Lack of co-ordinated approach

The lack of a strategic approach is exacerbated by (and perhaps also contributes to) the lack of a co-ordinated approach amongst the relevant agencies. In general, the agencies involved appear to operate largely in isolation. The inability of the GoJ to establish a more co-ordinated approach is illustrated by the establishment of the Coordinating Commission on Social Solidarity (CCSS). This body was established in 2006 to ‘set the comprehensive strategy, plans, programs and coordination mechanism between development funds and

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9 Jordan is a long way from the ‘extreme commodification of labour’ feared by the contributors to one UN-supported study of social policy in MENA countries (Karshenas and Moghadam, 2005, 2).
humanitarian and social aids". Several recent reports refer to the CCSS as a potentially important body in implementing a more coherent social protection policy in Jordan and the WB has invested considerable resources in capacity building in this body. However, for reasons which are unclear, the CCSS has, for some time, been seen not to have achieved its objectives and it has now been decided that it will be formally abolished and its staff transferred to MoSD/NAF. There is no indication that an alternative structure will be put in place to address the current lack of co-ordination.

This lack of co-ordination also exists at a local level. There is little (if any) indication of any form of structured co-operation between the public agencies in a particular governorate (although some informal co-operation and referrals do, of course, exist). Agencies tend to be highly centralised and refer back to their HQ in Amman rather than to other public agencies in the locality. In addition, although several good examples of co-operation between public and private agencies on the ground can be found, there was again a total absence of any structured co-ordination. A culture of contracting services from NGOs at local level does not exist. Rather an NGO would have to develop an agreement with MoSD at national level, which would then notify the local directorate of the agreement and the directorate could then contact the NGO to seek to avail of services (possibly funded by a fourth party).

**Lack of links to the labour market**

Given the above discussion, it will not be surprising to find that social protection institutions have few links to the labour market. At present, it is probably the case that many NAF clients are rather distant from the labour market in terms of employability but if the NAF remit was to be broadened this would be likely to increase the proportion of its clientele who were closer to the labour market. In addition the introduction of unemployment insurance will mean that the SSC has, for the first time, to consider getting people back to employment. A further difficulty is that it is not clear that there is a comprehensive active labour market institution to link to. Reference to ALMPs tends to be to organisations such as the Vocational Training Corporation rather than to job placement agencies.

**Lack of capacity and limited monitoring and evaluation**

The assessments of agencies which have been engaged in the social protection field would suggest that the human capacity of most social protection agencies is limited, there is significant resistance to (any) change, and an absence of a culture of monitoring and evaluation. Thus change is difficult to implement and social protection agencies do not tend to be learning organisations.

**Reform of subsidies**

One important current issue is the reform of consumption subsidies. At present, Jordan is spending of the order of JD800 million per annum on a variety of subsidies to fuel, food, electricity, etc. Research indicates that these are very poorly targeted and that the bulk of the costs goes to better off households. At the same time, however, a simple removal of subsidies would affect the poor most as subsidies make up a larger proportion of their
income. For example, the WB has estimated that the removal of consumption subsidies (food, gas and water) would increase poverty by about 2 percentage points. At the same time, the total costs of subsidies is almost 10 times the annual budget of the NAF. Various proposals for reform have been under consideration including some reduction in subsidies with a compensatory payment for those below a certain income threshold operated either by NAF or another agency. Others have suggested that compensation should involve an increase in the level of benefits provided by NAF. However, this is primarily a policy decision for government and it would seem that there is no absence of advice and analysis on the options. Within the context of regional unrest, the question of subsidy reform is rightly regarded as having major political implications in terms of public response.

5. Conclusion

The rules of Jordan have managed a very significant achievement in maintain a relatively stable state despite ongoing regional turmoil. Indeed, to a certain extent, Jordan has been able to capitalize on its position in the region through, for example, inflows of finance and human capital arising from regional wars (such as the first Iraq war), and the financial benefits of being an ally of western and Gulf states. However, its achievement on economic, employment and social policy are far less impressive. There is little indication that the country has a clear long-term economic or employment strategy.\(^\text{10}\) Saif and Choucair (2010, 151) have argued that in Jordan economic transformation ‘did not lead to the emergence of new business elites and new social strata’. Rather the reform process was limited to senior government private elites and media coverage was controlled to as to legitimise rather than broaden the process.

Without real economic reform, Jordan will find it difficult to fund adequate social policies and, in any case, there is equally little indication that Jordan has clear social policies or the capacity to implement them. It is certainly possible that either ongoing regional instability or, conversely, a growth in regional stability (leading to a flow of investment and human capital to other countries in the region) will lead to a need for more coherent social and economic policies (see Silva, et al, 2012).\(^\text{11}\) However, for the reasons outlined in this study, major attitudinal change in both Jordanian government and society is likely to be required both to drive and underpin such a new approach.

References


European Commission, *Social transfers in the fight against hunger*, EU, 2011

\(^\text{10}\) Strategy in the sense of a high level plan to achieve one or more goals under conditions of uncertainty rather than a document with ‘strategy’ on the cover.

\(^\text{11}\) Though whether the authors (World Bank) vision of social safety nets as the answer is rather debateable.


I. Saif and F. Choucair ‘Status Quo Comouflaged: Economic and Social Transformation of Egypt and Jordan’ *Middle East Law and Governance* 2, 124-151, 2010


