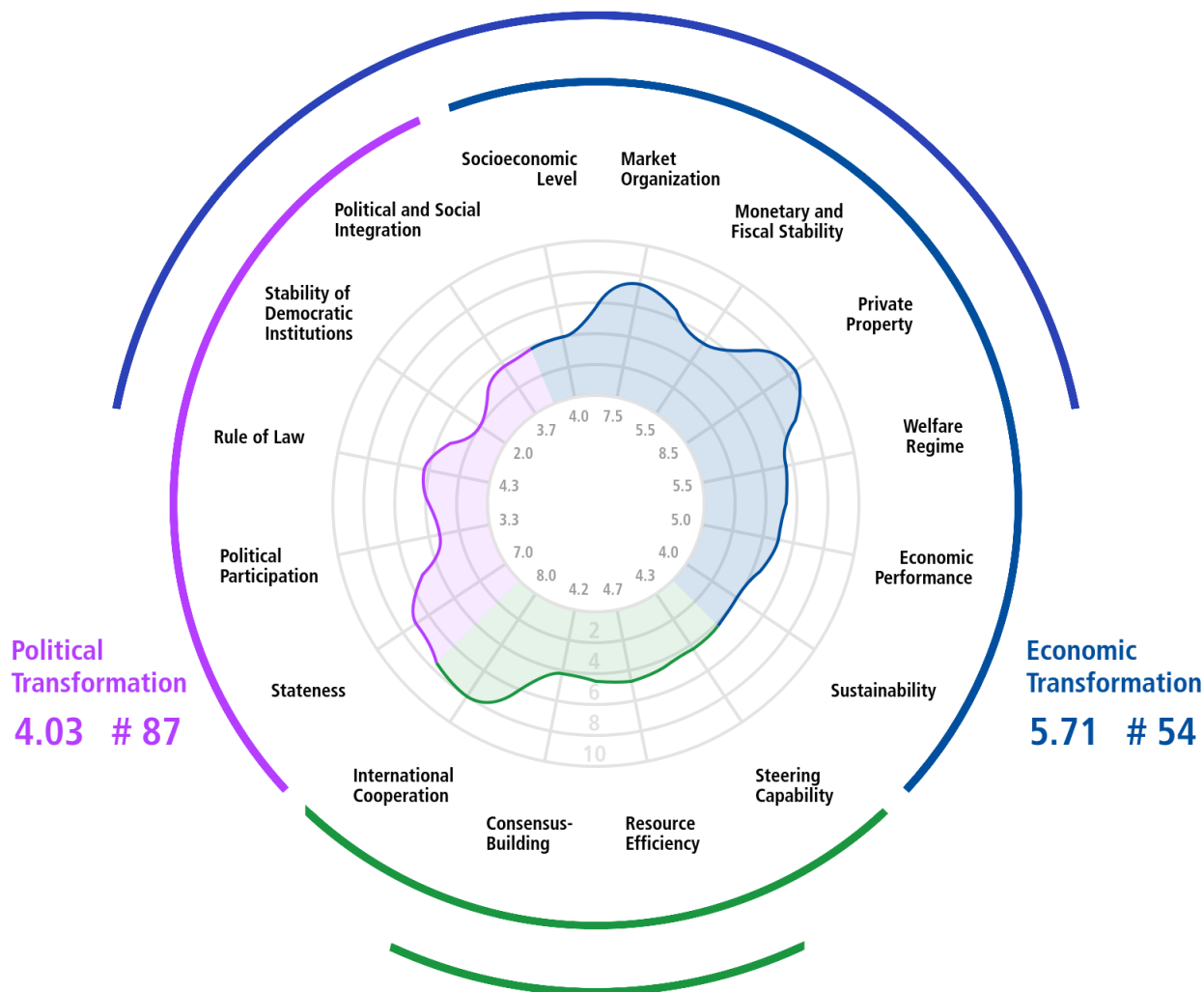


Jordan

Status Index

4.87 # 79

on 1-10 scale out of 137



Political Transformation
4.03 # 87

Economic Transformation
5.71 # 54

Governance Index

4.80 # 65

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	11.3	HDI	0.720	GDP p.c., PPP \$	11003
Pop. growth ¹	% p.a.	1.2	HDI rank of 189	102	Gini Index	33.7
Life expectancy	years	74.3	UN Education Index	0.644	Poverty ³	% 0.4
Urban population	%	91.8	Gender inequality ²	0.471	Aid per capita \$	309.0

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

This report's assessment period, from February 1, 2021 to January 31, 2023, has been marked by Jordan's recovery from the pandemic and a return to pre-pandemic norms in both the economic and political spheres. On the economic front, GDP grew by 2.2% in 2021 and an additional 2% in 2022. This growth has been driven by expansions in the service and industrial sectors, as well as tourism's unexpectedly strong recovery. Despite these positive macroeconomic indicators, job creation has not been widespread, which has been an ongoing challenge to Jordan's economic policymaking. By the end of 2022, the official unemployment rate was over 22%, with informal employment nearly double that figure.

Jordan's international relations remain a key area of concern for policymakers and diplomats. In September 2022, the Jordanian parliament approved a draft law that replaced the 2014 Investment Law (No. 30). The new law aims to provide equal treatment to investors, whether domestic or foreign, and offers various guarantees and incentives based on the specific contribution an investment makes to Jordan's development, encompassing factors such as job creation and scientific expertise.

Russia's war in Ukraine has had a profound impact on Jordan, highlighting the need for the kingdom to swiftly enhance its food security. The rise in shipping costs, transportation insurance and global demand has had a cascading effect on wheat imports in Jordan. Considering this, Mahmoud Al-Oran, secretary-general of the Jordanian Farmers Union, has urged policymakers to attain wheat self-sufficiency at the rate of 50%, which would represent growth of over 45% from the present level.

Bisher al-Khasawneh, who was appointed prime minister after the 2020 elections, has remained in office, and his cabinet has been stable. Some of the defense laws associated with the kingdom's response to COVID-19 are still in effect, with the king promising in late 2022 to remove them in the coming months. However, transitioning away from a pandemic framework has unfortunately

resulted in a continuation of previous negative state-society relations. There has been an increase in harassment and arbitrary arrests, which has contributed to the shrinking of the civic space. In a 2022 interview, the Middle East director of Human Rights Watch (HRW) stated, “There is an urgent need to address the downward spiral on rights we are seeing in Jordan today.” This is particularly evident in the treatment of the striking Ma’an truck drivers, whose leaders were detained and lay strikers harassed in late 2022.

Hashemite family politics were on rare display in 2021/2022, with claims of a coup attempt led by Prince Hamzah bin al-Hussein, the half-brother of King Abdullah II, splashed across domestic and international media outlets. A news gag was quickly implemented. At the time (April 2021), Prince Hamzah was placed under house arrest. He denied all allegations of involvement. After intra-familial mediation, Hamzah pledged allegiance to Abdullah, and the matter appeared resolved. However, in April 2022, the issue resurfaced after Hamzah announced that he was relinquishing his princely title because he could not reconcile himself with the “current approaches, policies, and methods of our institutions.” It remains to be seen whether this acts as a catalyst for future palace intrigue.

History and Characteristics of Transformation

The Jordanian Hashemite Kingdom (Jordan) is a constitutional monarchy with a strong executive led by the king, who rules and reigns. The Emirate of Transjordan was established in 1921 under British auspices, which divided the Mandate of Palestine into two parts. Independence was achieved in 1946 under the terms of the Treaty of London. British army officers continued to influence the development of the Jordanian military until their expulsion by Jordan’s third monarch, King Hussein, in 1956.

Following the establishment of Israel in 1948 and the Palestinian Nakba (catastrophe), hundreds of thousands of Palestinians sought refuge on Jordanian territory and were granted citizenship by King Abdullah I. Today, their descendants make up the majority of Jordan’s population, although the exact population breakdown between Jordanians of East Bank and Palestinian origins has not been made public officially. Estimates put the population at around 60% of Palestinian origin. Hence, the relationship between Jordanians and Palestinians is a close one.

The Hashemite monarchs are formally the custodians of Muslim and Christian holy sites in Jerusalem, since the Supreme Muslim Council of Mandate Palestine nominated Sharif Hussein bin Ali as custodian in 1924.

In the wake of King Abdullah II’s ascension in 1999, succeeding his father, Hussein, Jordan witnessed an acceleration of liberalization. The domestic economy was further opened up to global market forces and deregulation. Political decision-making is centralized, with the king appointing the prime minister, the Senate, judges to the kingdom’s courts, and, since 2014 and 2016, respectively, the head of the General Intelligence Directorate (GID) and the army’s chief of staff,

without prior need for ministerial oversight. In 2020, the head of the Shariah Judicial Council and grand mufti of the kingdom, the chief justice, the royal court chief, the minister of the court and all of his advisers were added to this list. Decentralization changes made in 2015 have integrated municipal and governorate councils into the centralized hierarchy, while also enabling greater public input into their composition. However, elections held in 2020 had a voter turnout of 29.8%, the lowest in a decade. The introduction of multiple votes in an open list model to replace the old single non-transferable vote (SNTV) has not produced the desired improvements in electoral competition and unpredictability that would improve democratization. Bisher al-Khasawneh, the current prime minister, was, like his predecessors, a royal appointee.

In June 2021, King Abdullah II appointed former Prime Minister Samir al-Rifai to chair the Royal Committee to Modernize the Political System. The committee, comprising members of various domestic ideological perspectives, presented its report in October 2021. The report presented recommendations for new legislation to regulate elections and political party involvement, as well as to enhance local administration. Additionally, it proposed constitutional amendments to address parliamentary activities and bolster the role of women. The precise impact of these changes on the political landscape is yet to be determined.

Macroeconomic reform has been central to the Hashemite agenda, resulting in achievements such as GDP growth (despite fluctuations), stable central bank operations and energy diversification. Over 20% of total energy production in Jordan comes from renewable sources. However, the expansion of the private sector is insufficient to accommodate the increasing number of individuals seeking employment. Unemployment rates continue to remain persistently high, particularly among Jordanians under the age of 30. As of the conclusion of 2022, the official unemployment figure exceeded 22%, while unofficial employment approached double that number.

Jordan has continued to serve as an important host for refugees from Iraq, Palestine, Syria and (to a lesser degree) Yemen. While these large non-citizen populations pose a considerable strain on the Jordanian economy, they are also an asset in terms of Jordan's recognition by the international community.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The Jordanian state has a steady monopoly on the use of force. Yet, ongoing instability in Syria and Iraq makes Jordan vulnerable along its northern and eastern frontiers to increasingly elaborate smuggling maneuvers, focused primarily on captagon, narcotics, fuel and cigarettes. Military patrols on the border are frequent and often result in clashes with smugglers. In May 2022, members of the Jordan Armed Forces (JAF) prevented smugglers from entering the kingdom from Syria and confiscated 900,000 captagon pills along with 154 palm-sized sheets of hashish. Meanwhile, in November 2022, an additional four smugglers were killed by the JAF. Terrorism threats are low and isolated in Jordan. Not a single terrorist incident since 2019 has been recorded. Accordingly, the Global Terrorism Index (GTI) ranked Jordan 58th out of 163 surveyed countries in 2022.

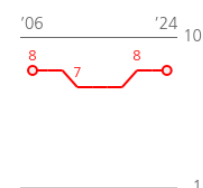
In relation to the kingdom's tribes, it is important to note that, while they may operate with some autonomy from the state and carry unregistered small arms, they are nonetheless integrated into the state. This has been a process undertaken since before independence as a means of consolidating Hashemite rule. The majority of the JAF's members come from tribal networks. Customary law, although removed from legal statutes, is still applied in specific circumstances to resolve conflicts. Therefore, when tribes make displays of force, as they did during the parliamentary elections of 2020, these actions must be understood in the context of tribal integration into, and dependency on, the state.

There are no challenges to the legitimacy of the nation-state as a concept in Jordan. The kingdom's citizenship regime, however, continues to be contested. This particularly concerns its patrilineal nature, which prevents Jordanian women from transmitting their citizenship to their children. This becomes problematic when the father is not Jordanian and the mother is because the state only recognizes the transmission of his citizenship to the children. Consequently, there are children born and residing in Jordan who are unable to access citizenship, which reflects negatively on their residency, work and civil rights when they attain 18 years of age.

Question
Score

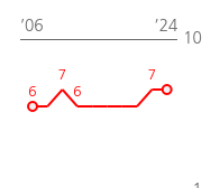
Monopoly on the
use of force

8



State identity

7



A campaign is underway to change Jordan's constitution and the nationality law (Law 6-1954) to allow Jordanian mothers to pass their citizenship on to the children they have with non-Jordanian fathers. To date, no law has been amended. In 2020, the Court of Cassation, Jordan's highest civilian court ruled, for the first time, that the word "children" in legislation refers to females as well as males. In January 2022, the Jordanian parliament followed on this, approving changes to the constitution to facilitate the use of both feminine and masculine pronouns when addressing Jordanian citizens.

Furthermore, an additional article was added to the constitution (Chapter Two). It stipulates that the state "guarantees women's empowerment and support to participate actively in society's construction in a way that ensures equal opportunities based on justice and equity and protects them from all forms of violence and discrimination."

Additionally, efforts have been made to reduce the number of stateless residents, the majority of whom are nomadic or semi-nomadic Jordanians belonging to tribes inhabiting Northern Badia. Unofficially, individuals in this group account for some 5,000 to 7,000 people whose families were not registered in the 1980s, when the last window for registering citizenship was open. In early 2023, a committee in the Mafraq Status Directorate was established with the purpose of working to grant citizenship to those who are stateless and have resided in Jordan since before 2011. The undertaking is congruent with the Jordanian Nationality Law, which stipulates that "all members of the northern Bedouin tribes ... residing in the lands that were annexed to the Kingdom in 1930 are considered Jordanian."

Jordan's legal order has both secular and religious foundations, based on traditions borrowed from English Common Law and the Shariah. This is mirrored in the daily running of political institutions. For instance, the head of state (the king) must be a Muslim, but the general operations of parliament are not beholden to any such dogmatic interference. Similarly, political parties, in accordance with Article 5/B of the Law of Political Parties of 2015 (Law 39) "cannot be formed on religious, sectarian, ethnic, or faction basis, or on discriminatory basis caused by gender or origin." This means that if parties with a clear religious, social, economic or political agenda exist, they cannot exclude individuals with a different or no religious affiliation from membership or organizing committees. Likewise, this law is understood to act as a safeguard against potentially strong Islamist parties.

Both Shariah and ecclesiastical courts perform important functions in relation to personal status. For example, mothers and their children cannot travel outside of Jordan without first acquiring permission from the children's father or, failing that, a judge. This is because of the division between wilaya (legal custody) and hadhana (physical care) in the law. Under the terms of Article 223 of the Personal Status Law, fathers are given wilaya over their children, and mothers are granted hadhana. Should a couple with children divorce, hadhana can be taken from the mother, if she either remarries or is found unfit (under an Islamic legal pretext) by a court. Then, she loses custody.

No interference of religious dogmas

6

'06 '24 10



1

The role performed by religious courts in marriage and personal status means, furthermore, that completely secular civil marriages and unions between Muslim women and non-Muslim men are not recognized in Jordan.

Jordan's state apparatus is sufficiently embedded within society so as to provide basic administrative services. The latest World Bank data available for 2020 state that 98.9% of the population has basic access to water, whereas access to potable water is lower, although improved, from 83.5% in 2019 to 85.7% in 2020. A similar division exists between basic and safe access to sanitation, with the former at 97.1% and the latter 82.3%. Access to electricity is 99.9% kingdom-wide.

This is not to say there are no problems, however. Although water access is high, the majority of the population relies on water trucked, rather than piped, to residences where it is stored in tanks before use. Not only is this inconvenient at best and dangerous at worst, when deliveries are not made regularly, but it is also an inefficient delivery method. Spillage is a large problem as trucks frequently leak. Electricity is expensive, with the Jordan Strategy Forum placing Jordan among the most expensive countries in the region for consumers. This problem has grown in recent years with the growing popularity of electric vehicles.

With regards to income tax, there are six grades of personal income tax, ranging from 5% to 30%, depending on the tax bracket. Independent economists have modeled data suggesting that individual tax evasion causes losses of \$600 to \$800 million in revenue every year. This is a severe blow considering public debt, which rose to JOD 29.16 billion or \$41 billion in the first half of 2022.

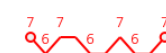
Public transport has been neglected for decades, and only recently have serious investments been made in it. A 2022 diagnostics and recommendations report from the World Bank estimated the cost to Jordan of transport-related inefficiencies was about \$3 billion a year. In this light, Amman's Rapid Bus Transit (BRT), which has been in operation since 2021, is a welcome intervention. It is the first example of government-owned and -run transport in the kingdom, and apart from reducing worsening commute times in the capital, it has the potential to improve the professional and personal autonomy of women, who in early surveys have lauded the BRT as a secure transport option. Prices on the two major routes cost about half a dinar (approximately \$0.78), below average commuting costs in Amman.

As more than 50% of Jordanian commuters in the capital spend more than an hour getting to work, the BRT offers a new way to experience public transport, which could be rolled out to other cities. It is expected that the BRT will greatly help increase the percentage of commuters using public transport in Amman from 14% to 40% by 2025. If so, similar figures kingdom-wide would be impressive.

Basic
administration

7

'06 '24 10



1

Education is widespread, with 97% of Jordanian children in school. However, children from working-class families, children with disabilities and refugees remain marginalized in the national system and have a high risk of dropping out of school. Early childhood education remains limited, with 13% of children aged three to four years old in kindergarten one (KG1) according to UNICEF. Meanwhile, 59% of the cohort, aged five to six years old, attend kindergarten two (KG2).

2 | Political Participation

Universal suffrage by secret ballot is ensured by the constitution and the electoral law. Since parliamentary life was reinitiated in 1989, a community of political parties has developed in Jordan, with around 50 currently in existence. This is excessive and indicative of the degree of fragmentation in the political party system, where personalities, rather than policies, shape party behaviors. In 2022, these parties had a combined membership of less than 40,000. Party life in Jordanian politics lags substantially behind its antecedents in the mid-20th century.

Political posts are filled without any real regard for electoral outcomes. Although all members of the lower house (Majlis al-Nuwāb) are elected, members of the upper house (Majlis al-'Ayān, the Senate) are all appointed by royal decree. This applies to the prime minister, whose appointment and length of tenure owes more to the reigning monarch than to parties, performance or parliament. Similarly, cabinet ministers are suggested by the prime minister and screened by the security services and the Royal Diwan. There is no requirement that a percentage of ministers must be elected parliamentary representatives.

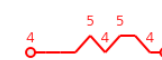
The Independent Election Commission (IEC), established in the wake of the Arab Spring, has overseen elections since 2012. Alongside foreign organizations, Jordan has a number of skilled local NGOs, like RASED Jordan, that focus on disseminating electoral information and monitoring the polls. Registration procedures are generally fair.

Polling procedures, access and the voting process are generally conducted in a transparent, impartial manner, with international observers raising few concerns over the systemic nature of the electoral system. That said, during every election, there seem to be anecdotal or substantive allegations of fraud. At the collective level, the efficacy of participation is limited by the gerrymandering of electoral seats. The three largest urban centers, Amman, Irbid and Zarqa, are allocated fewer parliamentary seats than smaller cities such as Karak and Mafraq.

Free and fair elections

4

'06 '24 10



1

Democratically elected political representatives do not possess effective power to govern free from powerful veto forces. A model of democratic political participation, whereby government composition and policy agendas are shaped directly by electoral outcomes, does not exist. Elected members of parliament can, with determination, shape individual policy drafts, but not the overall agenda or priorities of the government. The executive, headed by the king, who both reigns and rules, is a powerful veto force. This pertains especially to sensitive, significant government appointments, including the entirety of the Majlis al-'Ayān and the prime minister. Furthermore, new constitutional amendments approved by parliament in 2022 further consolidated the ruling role of the monarch. He may now assign and dismiss the head of the Shariah Judicial Council and grand mufti of the kingdom, the chief justice, royal court chief, minister of the court and all of his advisers without any ministerial involvement, let alone oversight.

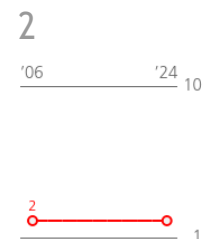
Earlier rounds of constitutional amendments passed in 2014 and 2016 bestowed upon the king the unilateral ability to appoint the heads of the army, gendarmerie, intelligence services and judiciary. Previously, the king approved these positions, but the signatures of the prime minister and the relevant ministers were required for candidates to assume them, giving at least a veneer of ministerial participation, if not control. The growing significance of royal participation in ruling the country has led one Jordanian constitutional expert to classify this as the emergence of a “presidential monarchy.”

Additionally, in 2020, a National Security Council was created. Consisting of the king, army chief and directors of the security forces, as well as the prime minister, interior and foreign ministers, and two other members chosen by the king, the council has substantial security and political powers. As a result, there are concerns that the council may function like a shadow cabinet, unofficially formulating or influencing policy trajectories and directly affecting the established prerogatives of the legislative and executive arms of government. In an almost carbon copy of justifications for the 2014 and 2016 constitutional amendments, Prime Minister Bisher Khasawneh argued that the new amendments were necessary in order to “distance these posts from partisan bickering to preserve their impartiality.”

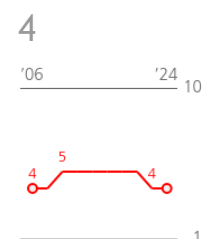
The Jordanian constitution guarantees the freedom of association and assembly for all Jordanians “within the limits of the law” (Article 16). Legislation therefore determines the practice of these rights and their limitations. In recent years, successive governments have placed restrictions on the ability of Jordanians to associate and assemble. Teachers, blue-collar workers and students have been particularly affected.

Established in 2011 and representing the kingdom’s 140,000 teachers, the Jordanian Teachers Syndicate had an almost unparalleled capacity to shut down the country with strike actions, as demonstrated in the 2019 month-long strike. In response, the syndicate was closed in July 2020.

Effective power to govern



Association / assembly rights



Similarly, blue-collar workers face association restrictions owing to their ability to mobilize potentially thousands of workers. Jordan has a number of official unions linked to the government that ostentatiously promote workers' rights and conditions. A number of unofficial unions have also emerged. In late 2022, demonstrations led by transport and truck drivers in response to the rising cost of fuel crippled the country. Strike leaders and drivers were arrested and detained. On December 11, 2022, security forces arrested activist and former Ma'an Mayor Majed Al-Sharari, as he was returning home from the Ma'an truckers' strike yard. Another supporter of the truckers, Sheikh Yasser Ahmed Al-Khattab, was also arrested.

University campuses have long been contentious sites for social and political activity. In reaction to this, successive administrations over several decades have restricted or prohibited political parties' entry onto campuses. This has created a culture of fear, whereby joining parties has come to be seen as a potential inhibitor to academic and professional advancement. A new bylaw enacted by the cabinet of Prime Minister al-Khasawneh in 2022 is officially supposed to promote student participation in on-campus political activities. However, it has been criticized by the National Campaign for Defending Students' Rights (Thabahtoon) for imposing restrictions on the time and locations of activities, and also for requiring participating students to formally register. University deans are allowed to ban activities deemed to be political for any reason. It is unlikely, under the circumstances, therefore, that the bylaw will drastically change the culture of fear on university campuses.

Freedom of expression is guaranteed by the constitution on the condition that the views expressed do "not go beyond the limits of the law" (Article 15). Hence, similar to freedom of association, legislation determines the boundaries of freedom. Existing laws criminalize speech considered critical of the king and royal family, foreign (especially Arab) states, religion (Islam and Christianity), and, at times, government officials and state institutions.

Harassment and structural limitations on the work, expression and reporting of professionals (journalists) and civilians has become increasingly common in Jordan. When politically expedient, Jordanian authorities routinely deploy censorship in an effort to remove sensitive topics from the public sphere. In 2021, arbitrary press gag orders were announced and enforced that prohibited reporting on the crackdown on members of the Teachers' Syndicate, and the arrests made in relation to the alleged Prince Hamza plot. Similarly, formal press outlets, in contrast with social media, did not report on the contents of the Pandora Papers that revealed the extent of King Abdullah II's real estate portfolio in the United States and United Kingdom.

Self-censorship by journalists is a long-established practice in Jordan that has also come to characterize the virtual public sphere, as surveillance of social media becomes more pronounced. In 2022, a report from ServShark found that Jordan ranked first among Arab states in monitoring internet users' accounts between 2013 and 2020, with data requested from Apple, Google, Meta and Microsoft.

Freedom of expression

3

'06 '24 10



1

Freedom of information legislation is neither effective nor timely. In August 2021, following the death in an Irbid hospital of an unnamed citizen who had been detained, local NGOs expressed alarm that authorities had provided insufficient timely information with which to rule out either arbitrary or unlawful deprivation of life at the hands of security forces as a causal factor. Meanwhile, in May 2022, activist Anis al-Jamal was arrested and detained for four days before charges against him were announced. He remained in detention until the end of 2022. Consequently, although a plurality of voices exists in the Jordanian media landscape, including Islamist and secular daily newspapers alongside official publications and domestic and satellite television channels, their ability to fully express this plurality is curtailed.

3 | Rule of Law

The executive, headed by the king, influences, primarily via appointments, the legislative and judicial branches of government. The concept of a division of powers with clear and robust checks and balances is nonexistent in Jordan. Beyond appointments, the executive and its delegations have other means of directing and controlling political, social and judicial trajectories through defense orders.

As part of the response to the COVID-19 pandemic, a defense law was enacted in March 2020 with the purpose of granting the government substantial powers to mitigate the pandemic's negative effects. The law was made effective through a defense order that overrode normal laws and could be enforced without any checks and balances. By the end of 2022, 36 orders had been enacted (some still active, others inactive), ranging from requiring the use of masks (No. 20) to criminalizing news or information considered to stoke public fear (No. 8).

There are at least two concerns. First, the pandemic gave Jordanian authorities the ability to justify a state of emergency on the pretext of public and societal health. Second, what will be the outcome when some of these orders are rescinded? Jordan is one of the few countries globally, according to Human Rights Watch, that allows imprisonment for debt offenses. Order No. 28 prohibited such imprisonment for debts of less than JOD 100,000. Reports have suggested that over 148,000 Jordanians will be at risk of imprisonment due to debt if Order No. 28 is neutralized.

Jordan's court system consists of three broad categories: civil, religious and special courts (including the State Security Court). In this network, tribal customary law maintains a place, despite being officially abolished in 1976. All court proceedings are overseen by judges, as jury-based courts do not exist in Jordan. Judicial independence from the executive and legislative branches of government is guaranteed by the constitution (Article 97). However, all civil and Shariah court judges are royal appointments. These include the chief justice and the Shariah Judicial Council head.

Separation of powers

3

'06 '24 10

4 3

1

Independent judiciary

5

'06 '24 10

4 5

1

The World Justice Project's (WJP) Rule of Law Index, which comparatively measures various indicators of judicial performance and administration, provides some useful statistics. On the question of whether civil justice is free of improper government influence, Jordan scores 0.58, higher than both the regional (0.46) and global (0.52) averages. Judicial corruption is minimal, and civil justice is effectively enforced. Meanwhile, as to whether the criminal justice system is free of improper influence from the government, Jordan's score of 0.54 is above both global (0.47) and regional (0.31) means. However, with regards to due process of the law and rights of the accused, Jordan's 0.48, though higher than the regional average of 0.45, is below the global average of 0.51.

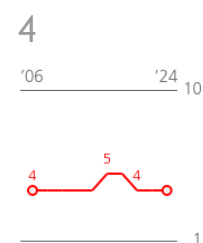
There is therefore room for judicial reform and renewal. The king could establish an independent inspectorate to monitor the public prosecutor. A general renewal would result from making it easier for Jordan's law graduates to enter the public branches of the profession. Engaging the next generation of Jordanian judges and lawyers would dovetail with the kingdom's expressed desire to involve its young population in social betterment.

Regarding legal education, the key areas for development to improve professionalism in practice are: curriculum, teaching methodologies, infrastructure and budget. With an existing emphasis on a theoretical approach to legal instruction, many available courses are disconnected from daily life and the challenges of 21st-century legal practice. For instance, only a minority of law schools have recently adopted teaching Legal Research and Writing (LRW) and clinical legal education as integral parts of their course structures. Similarly, interactive teaching methods remain dependent on the initiative of individual professors rather than being intrinsic to the educational system. Facilities in all Jordanian universities could be upgraded to assist in-class pedagogical updates.

Jordan's Integrity and Anti-Corruption Commission (JIACC) has been busy in the past two years. Most significantly, Walid al-Kurdi, the husband of Princess Basma Bint Talal, was sentenced in April 2022 to 18 years of hard labor and fined JOD 191 million (\$269 million) after being found guilty of corruption and abuse of office. The charges relate to when al-Kurdi was the director of state-owned Jordan Phosphate Mines (JPMC). Four other JPMC directors were found guilty during the same trial of negligence, and each was sentenced to three months in prison and fined JOD 1,000 (\$1,400). The closing of the al-Kurdi file is the culmination of a more than 10-year investigation by the JIACC. It is very rare, however, for ministers to be charged with abuse of office.

Meanwhile, in May 2022, the JIACC referred a number of individuals to the public prosecutor after investigating the public university sector. Three former employees (financial director, budget chief and head teller) of one university were charged with embezzlement, job dereliction, wasting public money and stealing thousands of

Prosecution of
office abuse



Jordanian dinars from rewards packages. An investigation of a second university referred three current senior employees to the prosecutor on suspicion of negligence and waste of public funds. Further, in August 2022, the JIACC launched the National Integrity Index (NII) in collaboration with the respected NGO, al-Hayat Center for Civil Society Development (RASED). The index, which covers around 100 public institutions and administrative bodies, will provide a qualitative measure of adherence to integrity regulations and anti-corruption standards.

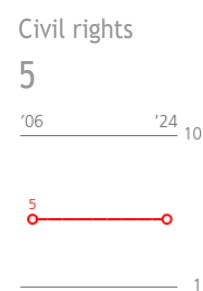
Jordan's constitution guarantees, in principle, the practice of civil rights. However, as the application of this guarantee is determined by legislation, it can be bestowed and rescinded if and when political circumstances require. The period during and after the COVID-19 pandemic highlights this complexity. Human Rights Watch reported in 2022 that the General Intelligence Directorate (GID) imposed various restrictions on citizens in response to public criticism and/or political engagement.

Furthermore, the emergency law has been in place for over two years. In such situations, civil rights and redress become complicated because parliamentary legislation has a key role in the application and practice of rights.

A country-wide poll conducted in 2021 by the Amman-based Center for Strategic Studies (CSS) found support for legal reform to eliminate institutional practices and legislation that trespass on freedom of expression and other civil rights. Additionally, there is criticism from civil society about using Article 3 of the Crime Prevention Law (1954). Under the terms of the article, governors are able to use administrative detention against anyone "under their jurisdiction," which allows them to detain individuals with very limited judicial review. In February 2022 alone, 11 activists were arrested, while in March, more than 150 were detained under this law.

Simultaneously, the WJP Rule of Law Index scores Jordan perhaps better than expected. In the metric of whether civil justice is free of discrimination, Jordan's 0.70 is superior to both the regional (0.49) and global (0.55) averages. Yet, women remain subject to discrimination, with societal and cultural norms being key contributing factors. This remains especially pronounced in matters of personal status, adjudicated by Shariah courts.

Other forms of discrimination, notably between Muslims and non-Muslims and between trans-Jordanians and Jordanians of Palestinian origin, do exist but are not considered systemic.



4 | Stability of Democratic Institutions

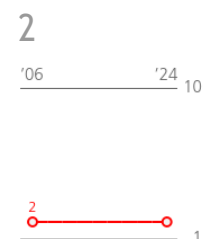
Jordan is described as a constitutional monarchy with democratic institutions at multiple levels, from local municipal councils to governorate councils and the national parliament. Elections occur at all three levels. The members of municipal and governorate councils are directly elected by their constituencies, but municipal mayors and important governorships are appointed. This mix of elected and appointed officials exists in the bicameral parliament, where the lower house's members are elected, but their counterparts in the upper house are appointed by the king. Hence, the delineation of roles and, with it, performance capacities are not clearly defined in practice.

Municipalities, for example, do not collect taxes from their residents. Nor do they provide utilities such as water (Ministry of Water and Irrigation), electricity (Jordan Electricity Authority) or garbage collection (Ministry of Transport). Thus, there has been much talk about Jordan's recent (2015) decentralization laws; they do not devolve practical power and decision-making down to the local level, in contrast to the old Municipality Law of 1955. Instead, budget control remains centralized in Amman.

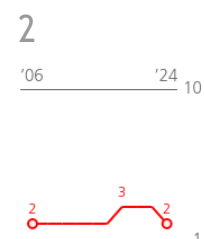
The judiciary is respected, but there are few institutional avenues for citizens to engage with it. For example, it is not easy (close to impossible) for individuals to petition the Constitutional Court, which evaluates the constitutionality of legislation. Civil society thus struggles to institutionally challenge the validity of emergency- and security-associated laws that inhibit the democratic agency of Jordanians.

A majority of Jordanians, including relevant stakeholders, affirm that any reform of the existing political architecture should be done gradually. This support for gradualism, however, has often helped maintain the status quo and further centralize aspects of decision-making away from democratic institutions. So, while democracy is seen as a legitimate model of governance, actors with decision-making abilities have tended to enact policies that are not democratic. The constitutional amendments of 2014, 2016 and 2022 are key illustrations of this.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

There is deep-seated detachment between Jordanians and government processes, evidence that political parties are not socially rooted in society. When the Arab Barometer asked about the least effective means to influence government, Jordanians responded with six key methods: writing to a specific official or minister (21%); activism online (11%); organizing demonstrations (10%); forming civil society interest groups (9%); using family connections (5%); and working in and via a political party (3%). The inclusion of political parties among these results is a negative outcome and indicative of their poor standing.

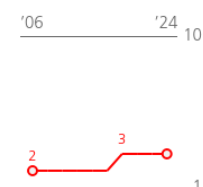
Yet, the fact that they attracted the smallest percentage among the least effective methods could suggest that they have the capacity to be effective in the future. This ties in with the support for democracy that exists broadly in the kingdom. Clientelism (*zabayinia*) is a persistent feature of Jordanian politics. In a 2022 interview with news outlet Rai al-Youm, one former member of parliament stated that clientelism has destroyed Jordan's system of public administration. Likewise, in his first address to parliament in 2023, Member of Parliament Fawaz al-Zoubi commented that paralysis and nepotism remain the twin problems of political life in Jordan. Every electoral cycle has illustrated the importance of patron-client relationships in decision-making from the local level through the national level of government. This status quo has produced stable outcomes bankrolled by overseas aid. As sources of aid dry up, there have been increased numbers of protests, indicative that the predominance of clientelism is no longer as functional as it was.

There is not a high level of polarization in the Jordanian political scene, in part because there is a stable consensus over the rule of the Hashemite monarchy. However, as economic conditions continue to deteriorate, class has become increasingly significant, which may lead to polarization in the future. A key stable pillar of Jordan's political party scene over the past 30 years has been its fragmentation, with more than 50 parties currently registered in the kingdom. None of these parties, with the exception of the Islamic Action Front (IAF), has the institutional structure to convert aggregate interests into a broad political program. Even the IAF, however, has not been able to develop a detailed alternative to the government's agenda. Additionally, although it has members throughout the kingdom, the IAF does not have effective party architecture across the country; its mechanisms and committees are centralized in Amman, thus reducing its national potential.

Parties continue to be hamstrung by an environment that, for different reasons, denies them the social and financial capital required to convert societal interests and needs into coherent, voter-attracting policy platforms.

Party system

3



Interest groups and cooperative associations have a long history in Jordan, dating back to the kingdom's establishment. They represent a broad spectrum of civil society organizations and include a range of unions and professional syndicates, the Orthodox Educational Society and, until its dissolution in 2020, the Muslim Brotherhood. The vibrancy of these organizations can be observed from their internal elections, which have for decades exhibited a vitality and animation starkly absent from national politics.

Cooperation among associations is limited. In some sectors, there are deep divisions that preclude sustainable collaboration. The union movement, for example, continues to be divided between official (government-registered) and unofficial/independent (not-registered) unions. The dissolution of the Teachers Syndicate in 2020 is demonstrative of the power that associations can have to pressure the government and policy trajectories in Jordan. Successive administrations have limited the number of unions active in the kingdom since 1976. In 2022, agricultural workers were forbidden from forming their own union after the judiciary rejected their latest appeal. Instead, the government decided to expand the food industry workers' union to include agricultural workers. Similar occurrences have been experienced by domestic and cement workers who have tried to organize their own unions.

Democracy remains broadly popular and accepted as legitimate by the majority of Jordanians. The most recent Arab Barometer Report (VII) reveals a number of significant findings regarding this. Nearly two-thirds of all Jordanians surveyed (65%) stated that democracy is always preferable to other alternative models of government and 77% stated that democracy is the best system of government available. The report notes that these findings are present in all of Jordan's key demographic groups, which seems to imply widespread acceptance of democracy as a norm in the kingdom. At the same time, 53% of those surveyed either strongly or very strongly approved of the statement that "democratic regimes are indecisive and full of problems," an increase from 38% in 2018. Such reflections mirror the long-term mistrust and suspicion of political parties and elected members of parliament.

In Jordan today, the only state institution that enjoys high levels (93%) of widespread trust is the Jordanian Armed Forces (JAF). In contrast, fewer than one-in-five Jordanians surveyed by the Arab Barometer believe that the government as an institution is responsive to the needs of citizens. Furthermore, only 31% of respondents stated that they trusted the government, a 41-point decrease since 2010. A survey commissioned by the Center of Strategic Studies (CSS) in 2021 showed that two-thirds of surveyed Jordanians did not trust the government. Only 29% of Jordanians are optimistic about the Khasawneh government's work. However, the same CSS survey reported that 72% of Jordanians recognized the government as having succeeded in providing stability.

Interest groups

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Approval of democracy

n/a

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n/a

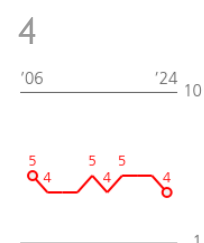
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Parliament enjoys categorically less trust among Jordanians, with only 16% of surveyed citizens saying they had quite a lot of trust in the institution. When the Arab Barometer first inquired into Jordanians' trust in parliament in 2006, 55% of respondents said they had trust in the work of parliament. The decline in trust in the intervening period has been sharp. With regards to civil society, less than half of surveyed Jordanians (43%) stated they had either a great deal or quite a lot of trust in civil society associations. Trust levels have decreased since 2010, when 59% of Jordanians stated that they had confidence and trust in civil society. Decreasing trust in civil society extends to religious leaders, with 44% of those surveyed saying they trusted religious officials, a decline from 56% in 2010.

Social trust among Jordanians has decreased in recent years. A 2021 survey from CSS found that 72% of respondents registered having less trust in their fellow citizens than before. A full 95% of respondents stated that they limit their trust to familial circles, while 66% responded that they also include neighbors and friends in their trust circles. In another survey by the CSS in 2022, it was found that 94% of Jordanians trusted their family, a score far higher than trust in friends (69%), neighbors (67%), clan members (63%) and work colleagues (55%). High levels of trust in the family unit, although declining, are not surprising, given the centrality of family to social life in Jordan. Of particular interest is the comparatively low level of trust in clan members, suggesting that immediate proximity (direct family, neighbors and friends) is a more important factor in trust than imagined blood ties.

Outside the larger royal NGOS, Jordanians have formed a broad array of voluntary and autonomous cultural, environmental and social associations. Every city has a number of sports clubs, with football clubs perhaps the most notable. These include al-Husseini in Irbid, al-Wehdat with branches in Amman and Madaba, al-Faisaliah also in Amman and the Bseira Sports Club in Tafilah. Cultural organizations include university societies and regional forums such as the Azraq Cultural Forum and the Riwaq Jerash Association for Culture and Heritage. Similarly, the advocacy of environmental groups often has a local focus, including the Environmental Protection Society in Fuheis and the Ma'an Youth Association for Environmental Protection.

Social capital



II. Economic Transformation

6 | Level of Socioeconomic Development

The onset of the COVID-19 pandemic and the subsequent recovery plan adopted by the Razzaz and al-Khasawneh governments have revealed the persistence of socioeconomic barriers in Jordan. According to the latest Human Development Index (HDI) data from 2021, Jordan's score is 0.720. Since 2011 (when the score was 0.721), Jordan's HDI peaked at 0.727 in 2019 before decreasing slightly to its current state. Meanwhile, the kingdom's HDI rank of 102nd out of XXX countries in 2021 represents the latest improvement in a trajectory that dates back to 2017, when Jordan ranked 107th. Gender inequality, which continues to be both a talking point and a key policy investment area for NGOs, donors and the government, was indexed by the UNDP at 0.471 in 2021, a slight improvement over the kingdom's 2020 score of 0.475. The Gini index and poverty scores from the World Bank in 2010 were 33.7 and 0.4, respectively.

COVID-19 had a profound impact on the real socioeconomic barriers faced by Jordanians. Certain sectors contributed excessively to the retraction of the national GDP (upwards of 23%) during the lockdown period. The services sector lost nearly 30% of its pre-pandemic output and agricultural production slowed. Combined, these two sectors accounted for the majority of employment losses nationwide (20%) in comparison to pre-pandemic levels. Consequently, household income, on average, fell by close to one-fifth during the same period, as reported by the International Food Policy Research Institute (IFPRI).

In June 2022, the Department of Statistics (DoS) announced that 24.1% of Jordan's population lives in poverty. Poverty is defined as the inability to provide the minimum socially required and desired standard of living. These figures are not surprising, considering the contraction of Jordan's middle class in recent decades due to low employment, inflation, minimal income growth and rising living costs. According to DoS data, 70% of Jordanians earn salaries of JOD 500 (\$704) or less. Moreover, 14.3% of Jordan's population experiences human development losses due to inequalities.

Question
Score

Socioeconomic
barriers

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Economic indicators		2019	2020	2021	2022
GDP	\$ M	44503.0	43579.9	45116.3	47451.5
GDP growth	%	1.8	-1.6	2.2	2.5
Inflation (CPI)	%	0.8	0.3	1.3	4.2
Unemployment	%	16.8	19.2	18.4	17.9
Foreign direct investment	% of GDP	1.6	1.7	1.4	2.4
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-773.4	-2505.5	-4030.4	-
Public debt	% of GDP	78.0	88.2	92.1	94.1
External debt	\$ M	33481.6	38017.2	41820.6	-
Total debt service	\$ M	3343.1	3107.9	2964.4	-
Net lending/borrowing	% of GDP	-3.3	-7.1	-	-
Tax revenue	% of GDP	14.8	16.0	-	-
Government consumption	% of GDP	16.4	-	-	-
Public education spending	% of GDP	3.0	-	3.2	3.2
Public health spending	% of GDP	3.9	3.7	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	4.6	4.7	4.8	4.8

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The International Monetary Fund (IMF) reported in mid-2022 that policy distortions should be removed in order to enhance competition. The IMF identified persistent subsidies to industries and state-owned enterprises, as well as size-dependent policies, as illustrations of barriers to competition. These barriers, in turn, result in price distortions and resource misallocations. In support of amendments to the competition law (No. 33–2004) discussed in 2022, the IMF further iterated that strengthening both the competition and anti-corruption frameworks, streamlining current licensing requirements, removing barriers to entry and reducing the economic footprint of the state would promote increased productivity.

Market organization

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Price sensitivity remains a major obstacle to investment. Consequently, foreign firms that aspire to invest and submit offers are advised to use export and development financing tools to enhance their appeal. This issue becomes particularly challenging during competition for government tenders, where procurement is funded by national funds rather than donor assistance funds. Jordan's elevated electricity costs for businesses continue to diminish both their competitiveness and profitability. Nevertheless, the country's liberal foreign exchange regulations serve as an advantage. Foreign investors are permitted to transfer their profits abroad in a fully convertible foreign currency. Additionally, individual salaries and/or compensation can also be remitted abroad.

Foreign ownership is permitted without a domestic shareholder in all sectors except those of a sensitive nature, such as aerospace and defense, tourism, transportation and media. The application of this policy depends on existing bilateral agreements. For instance, the United States-Jordan Bilateral Investment Treaty grants certain exceptions to U.S. investors, enabling 100% ownership in certain sectors that would be otherwise restricted.

The competition law offers protections for launching and withdrawing investments. However, companies frequently report that recurrent changes to senior government personnel, the accompanying regular amendments to legislation, and an inefficient bureaucracy negatively affect confidence and commercial activity performance. This extends to both opening a physical business in the kingdom, for which registration can be tedious despite recent improvements, and dissolving a failed commercial endeavor, which can be costly.

In September 2022, the Jordanian parliament passed a draft law that replaced the 2014 Investment Law (No. 30). The new law facilitates equal treatment of investors, whether local or foreign, and will deliver a number of assurances and incentives. The value of these incentives is tied to specific investments' added value to Jordan in areas that include job creation and scientific expertise. It will take no more than 15 days to issue business licenses. The emphasis on job creation is logical, given the size of the informal economy. According to 2020 data from the International Labor Organization (ILO) on informal employment, the share of informal employment was 53.5% of total employment in Jordan. In July 2022, the World Bank expressed alarm that unemployment remained at "alarming levels and reforms were needed to spur investments."

All cross-border movement of workers is subject to the same regulatory framework. However, Jordan has eased the process for Syrians to qualify for work permits in light of the ongoing civil war. Measures include expanding eligibility for work permits to Syrians who entered Jordan outside official border crossings. The cost of applying for permits has also been reduced in line with the Jordan Response Plan. Temporary restrictions on the recruitment of new migrant workers have also been used at various times to encourage Jordanian companies to hire from the existing pool of unemployed within the country.

Jordan is a member of the International Competition Network (ICN) and the Multilateral Investment Guarantee Agency (MIGA). In 2021, the Jordan Investment Commission (JIC) was superseded by the creation of a specialized Ministry of Investment. The kingdom's regulatory framework to protect competition is segmented. The Competition Directorate, which exists within the Ministry of Industry and Trade, functions to monitor how the competition law is applied throughout the country. In the current transformation period, the Competition Directorate has been especially busy modeling legal amendments to trademarks (Official Gazette Nos. 752, 753, 754) and industrial designs (Official Gazette Nos. 746, 751).

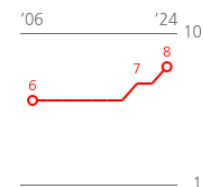
Apart from this directorate, there are four regulatory commissions that serve to monitor competition within individual spheres. These commissions are for energy and minerals, telecommunications, civil aviation and land transportation.

The 2022 amendments to the competition law included some additions to improve fairness. In relation to mergers, the updated law contains a new clause regarding the concept of a "dominant position." When state agencies are called to arbitrate on a proposed merger, there is now a list of factors to help determine whether the commercial entity in question has a dominant position in the market. These factors include market share, financial volume within the market, access to supply chains and other markets, and its relationship with other entities. Subsidies, such as those on electricity, where businesses pay higher premiums than residents, remain politically important for domestic stability and can be expected to be maintained in the mid to long term.

Trade liberalization has undergone substantial improvement since the ascension of Abdullah II in 1999. The kingdom is a member of the WTO and a signatory to its Trade Facilitation Agreement. Under the terms of this agreement, Jordan had to report the completion of categories A, B, and C by the end of 2022. At the time of writing, whether this occurred was undetermined. Regionally, Jordan is a member of the Greater Arab Free Trade Area (GAFTA) and the Agadir Agreement. It has also signed preferential and bilateral free trade agreements with its neighbors: Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Morocco, the Palestinian Authority, Sudan, Syria, Tunisia and the UAE. In total, Jordan has bilateral investment treaties with 58 countries, including the European Union (EU), the United States of America, Singapore and Canada. Of these, the European Union has been one of Jordan's largest trading partners, accounting for 14.7% of its trade in 2020. The European Union was the source of 20.6% of Jordan's imports (primarily machinery, agricultural materials and chemicals), and Jordan's exports to the EU, consisting of chemicals, fuel, and mining products and machinery, comprised 2.1% of its total exports.

Competition policy

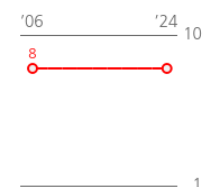
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Liberalization of foreign trade

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WTO tariff profiles from 2020 state that Jordan's simple average most-favored nation (MFN) applied duties were 10.1 (total), 18.3 (average) and 8.8 (non-average). These figures are different from the simple average final bound duties, which were 16.2 (total), 23.7 (average) and 15.0 (non-average). Subsidies continue to be provided for goods important to the Jordanian population. For instance, in June 2022, the Ministry of Agriculture and the Jordan Enterprise Development Corporation jointly announced a 50% subsidy on maritime and air transport costs for agricultural exports.

At present, Jordan maintains tariff quotas on aluminum as a safeguard under the terms of the National Production Protection Law (No. 21 of 2004). A ministerial decision in 2021 gave domestic aluminum production a 15% price advantage over imports in government tenders.

Jordan's banking sector is renowned for its stability and the relative caution of its administrators. There are more than 25 banks in operation in the country: 16 Jordanian (of which three are Islamic banks) and an additional nine foreign banks. The kingdom has a comprehensive framework for financial services and transactions consisting of the Central Bank of Jordan (CBJ) and a series of important laws: the Banking, Anti-Money Laundering and Combating Financing of Terrorism, the Money Exchange Business, the Public Debt, Foreign Currency Control and the Electronic Transactions Laws. Most of the Basel III Accords have been implemented. The Amman Stock Exchange (ASE) was established in 1999 as a non-profit, private institution, with authorization to trade securities. In 2017, it became the state-owned ASE Company.

The CBJ maintained stability and a healthy foreign reserve buffer throughout the pandemic. The most recent bank capital to assets ratio data from the World Bank is from 2018, when Jordan's ratio was 13.5% – a slight change from 13.6% in 2017. Similarly, non-performing loans data from the World Bank from 2018 was at 5.4%. According to the European Investment Bank, as of March 2022, the share of non-performing loans had not exceeded 5.5% during the COVID-19 pandemic. The deterioration of credit quality among both small and medium-sized enterprises (SMEs) and corporate borrowers remains well under control.

8 | Monetary and fiscal stability

The Jordanian dinar is pegged to the U.S. dollar. This arrangement has helped consolidate the currency's long-term value. However, one consequence of pegging the dinar to the U.S. dollar is that Jordan's administrations are required to monitor and implement interest rate movements issued by the United States Federal Reserve System. This can, as was demonstrated toward the end of 2022, drive inflation lower than necessary at the cost of higher interest rates. The CBJ is independent and autonomous in its activities; however, its capital and reserves are government property.

Banking system

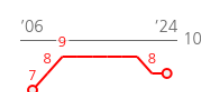
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Monetary stability

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Macroeconomic stability has been maintained, along with moderate growth projections of 2.7% in 2022 and 2023. Trade has been rebounding, with exports growing by 16% overall in 2022 and by upwards of 33% to the European Union. Inflation (CPI), which was 1.3% in 2021, is not projected to exceed 2.5% between 2023 and 2026.

Jordanian governments have not historically supported fiscal stability with budgetary policy. They have repeatedly demonstrated a tendency to seek one-off solutions, such as price increases, rather than undertake the difficult tasks of structural reform. As a result, fiscal issues have plagued governments since the 1980s.

As of 2021, Jordan's current account balance was -\$3.707 billion. Public debt grew from 91.9% of GDP in 2021 to over 110% of GDP in 2022. The decline in foreign direct investment (FDI) in the first quarter of 2022, compared to the previous year, along with an accompanying increase in the trade deficit and a slight decline in foreign aid, are the primary causes for the account deficit.

The kingdom is halfway through an extended borrowing arrangement with the IMF, worth special drawing rights (SDR) 926.37 million or approximately \$1,293 billion, according to the World Bank. In 2020, Jordan's external debt reached \$38,016 billion, with the country's total debt service equaling \$3,108 billion in the same year. The net lending/borrowing differential was negative at -0.7% of GDP in 2020, and government consumption accounted for 18.5% of GDP in 2021. The most recently available data from the World Bank, from 2016, shows Jordan's total reserves valued at \$14,019 billion.

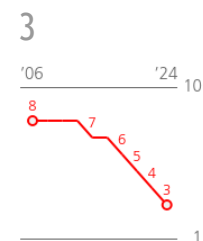
Both local and international analysts and fiscal observers have argued for decades that Jordan's perennial fiscal shortcomings are a consequence of a range of factors beyond government control. These factors include regional instability, the refugee burden and limited domestic resources. However, it is more accurate to view these factors as symptoms of structural deficiencies in need of reform.

9 | Private Property

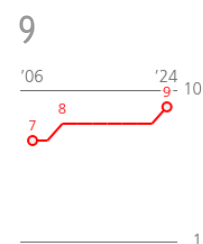
A robust set of laws and regulations safeguarding private property exist in Jordan. The kingdom is a signatory to the Paris Convention for the Protection of Industrial Property and a member of the World Intellectual Property Organization. No sale or transfer of land is legal without approval by the Department of Lands and Survey (DLS), although there are some exceptions when other agencies, such as the Jordan Valley Authority (JVA) and the Aqaba Special Economic Zone Authority (ASEZA), are involved.

The constitution (Article 11) safeguards the integrity of private property against expropriation, except in cases of public benefit and/or equitable compensation. Being a member of the WTO means that foreign investors can seek external adjudication.

Fiscal stability



Property rights



According to the International Property Rights Index (IPRI), Jordan is currently ranked seventh out of 15 countries in the MENA region and 43rd out of 123 in the world for the overall quality of its property rights framework. Its overall score is 5.717. In contrast, the lowest recorded score, 1.771, belongs to Venezuela, while the highest score, 8.173, is held by Finland. The kingdom's Intellectual Property Rights Subindex remains unchanged from 2021, at 5.599. However, both the Physical Property Rights and the Legal and Political Subindices have decreased. The former has dropped from 7.415 to 6.05, whereas the latter has decreased from 5.506 to 5.504.

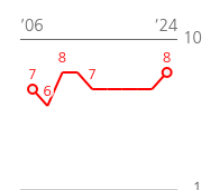
Privatization has been an important policy in Jordan for decades. For example, between 1998 and 2008, successive governments privatized 14 state-owned enterprises. Public-private partnerships (PPP) are viewed as a significant mechanism for investments. Changes to the PPP Law in 2020 sought to restructure Jordan's governance model for them, making the process more stakeholder-friendly. Notably, the old requirement of feasibility in Article 3 was eliminated and replaced with the value-adding requirement. Additionally, the minimum threshold for entities aiming to qualify as a government party in a PPP is no less than 50%.

The change is important for building trust in privatization among citizens. The kingdom has a mixed record when it comes to transparency in privatization endeavors. When the telecoms sector was privatized in the 1990s, the process was explained openly to the population, in contrast to subsequent moves, including the privatization of the national air carrier, Royal Jordanian (RJ). Ironically, the government in 2019 pursued a buyback of RJ.

Aside from companies and other entities, the privatization of natural resources, including water, continues to be contentious. In January 2022, large demonstrations were held in Ma'an against plans to privatize the city's Water Directorate. However, Muhammad al-Mahamid, the director of the Provincial Contracts Department at Aqaba Water, asserted that his company has not privatized the water supply but has only taken over its management. Al-Mahamid noted that Aqaba Water is government-owned and that fears of increased prices are misplaced, as water pricing in the governorates is fixed by the prime minister. Nevertheless, time will tell if the change in management will improve services and access in accordance with citizen expectations.

Private enterprise

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10 | Welfare Regime

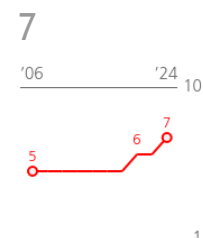
Life expectancy in Jordan at birth is 74.7 years (2020). Public expenditure on health remains steady at 3.9% of GDP (2019). The kingdom's welfare regime is an important part of its policy platform and comprises a number of different governmental and non-governmental organizations and actors. These bodies are divided between local and international support providers. Based on official statistics, the most in-need Jordanians are the 15.7% of citizens who are categorized as poor, living below or at the poverty line.

COVID-19 worsened the vulnerability of Jordanians. The government of then-Prime Minister Omar Razzaz initiated policies to help the most susceptible. Measures included increasing bread subsidies and loosening eligibility for programs managed by the National Aid Fund (NAF). More than 500,000 individuals were able to take advantage of these changes, with upwards of 2.5 million citizens benefiting from programs made available by the NAF, the Social Security Corporation, Zakat Fund and the Himmat Watan Fund.

Health insurance for employees is not mandatory. Consequently, the government is the principal financier of health care insurers, covering upwards of 90% of the population. Jordan's public pension is accessible to males 60 years old and over and females 55 years old and over. Underscoring the importance of formal versus informal employment, employers are responsible for contributing 11% to retirement, disability and death insurances/pensions. Employers who employ workers in hazardous circumstances are required to contribute 12% – in addition to the 6.5% contributed by the employees themselves. Both active and retired servicemen and women of the Jordanian military retain access to a welfare scheme that includes health care provisions, pensions and education. Access can extend to families.

A National Social Protection Strategy (2019 – 2025), the goal of which is to ensure that “all Jordanians enjoy a dignified living, decent work opportunities and empowering social services,” was enacted by the previous Razzaz government and remains part of the al-Khasawneh government's welfare platform. The strategy consists of three pillars. The first focuses on enhancing self-sufficiency among families through labor market reforms. The second pillar also centers on families and local communities but emphasizes education, health care and social services for Jordanians with special needs. The final pillar has a broader scope, providing social assistance to the poor and enabling a basic level of consumption with dignity. In this way, government assistance is intended to intersect with communal support among families, communities and clans. Funding for the strategy was secured from the World Food Program.

Social safety nets



Jordan has placed a high value on educating its citizens for decades. This shows in high literacy rates: 98.2% (total), 98.6% (male), and 97.8% (female) in 2018. Furthermore, the ratio of female to male enrollment (GPI) was balanced at 1.0 (primary), 1.0 (secondary) and 1.2 (tertiary) in 2021. These statistics suggest a degree of equal opportunity in education. However, in the sphere of gross enrollments, a clear pattern of decreasing rates emerges from 80.4% at the primary level to 67.8% (secondary) and 33.6% at the tertiary level. Yet, quality education is expensive, making socioeconomic class a key determining factor in access to opportunities in and provided by education.

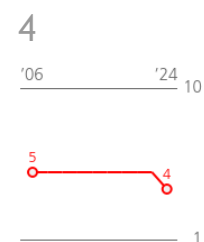
An area in which successive policies have failed to make substantial improvements in equal opportunity is female participation in the workforce. In 2021, World Bank data indicated that a mere 17.5% of the formally employed workforce was female. This was at a time when reported cases of economic violence against women increased in Jordan. A case of discrimination can be observed in the controversy that arose both inside and outside parliament when, in 2022, parliament voted to amend the constitution to recognize Jordanian women. This move, while positive, has been interpreted as an attempt to avoid addressing the core issue, according to Salma Nims, the secretary-general of the Jordanian National Commission for Women (JNCW). Specifically, the continuing absence of “sex” (Arabic: jins) from Article 6 of the constitution, which until now has prohibited discrimination based on “race, language and religion.”

Regarding citizens with disabilities, Jordan passed specific anti-discrimination legislation in 2017 that includes the requirement to provide reasonable accommodations for Jordanians living with disabilities. In September 2022, the United Nations lauded Jordan’s region-leading progress and recommended the creation of a nationwide campaign to educate the general population and combat existing stigmas. The United Nations also urged policymakers to create an independent monitoring mechanism to oversee the kingdom’s implementation of the Disabilities Convention.

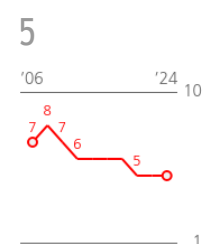
11 | Economic Performance

Jordan’s economic output remains fragile as the country emerges from the COVID-19 pandemic. GDP per capita (PPP) was 10,952 current international dollars (CID) in 2021, an improvement from 10,354 CID in 2020. Likewise, gross domestic product (GDP), recorded at \$45.244 billion in 2021, increased from \$43.698 billion in 2020 and \$44.503 billion in 2019. However, inflation (CPI), 1.3% in 2021, increased from 0.3% in 2020 and 0.8% in 2019, but was lower than its most recent peak at 4.5% in 2018. Unemployment also increased from 19.0% in 2020 to 19.3% in 2021.

Equal opportunity



Output strength



Jordan has struggled from 2010 to 2020 to attract sustainably increasing rates of foreign direct investment (FDI). In 2010, the kingdom attracted 6.2% of GDP – a figure that has not been matched or beaten since. In 2020, the figure was 1.7%, a marginal improvement on the 1.6% in 2019, but well short of 2.2% in 2018 and 4.9% in 2017.

The kingdom's current account deficit quadrupled from \$946.5 million in 2019 to \$3.707 billion in 2020. Similarly, the negative balance of Jordan's net lending/borrowing ratio has been increasing. From a recent high of -8.1% of GDP in 2012, it steadily declined to -5.4% in 2013, -2.2% in 2014, and -3.4% in 2015. In 2016, the negative balance was -3.1%, declining further to -2.5% in 2017 and to -1.5% in 2018. Since then, however, it has increased to -3.3% in 2019 and -7.0% in 2020. Public debt as a percentage of GDP has tracked upward since 2018, when the figure was 75.1%. It increased to 78.0% in 2019, 88.0% in 2020 and 91.9% in 2021.

Tax revenue as a percentage of GDP from the World Bank's data extends to 2020, when it was recorded at 16.0% – an improvement over the 14.8% recorded in 2019. Gross capital formation was unstable over the five years prior to 2021, when the figure was 18.0% of GDP. This represents an increase from the 15.7% recorded in 2020, 15.9% in 2019 and 17.5% in 2018. However, the latest figure remains below the recent peak in 2017 of 21.4%. Similarly, GDP per capita growth in Jordan has fluctuated. In 2021, World Bank data recorded it at 1.6%, a considerable improvement on the -2.5% logged in 2020 and 0.6% in 2019. As of mid-2022, the World Bank's growth estimates were slightly lower than the IMF's latest economic growth forecast of 2.4% for 2022, which was downgraded from an earlier 2.7%.

12 | Sustainability

Environmental threats are recognized as both immediate and long-term challenges. The Jordan Environment Fund (JEF) was established in 2009 under the provisions of the Ministry of Environment's Environment Protection Law. The fund has made advances in several areas, including increasing community awareness, improving tracking of environmentally hazardous material inside the kingdom and planting trees. The Ministry of Environment's current Strategic Plan (2020 – 2022) is being reviewed for extension as part of Jordan's Vision 2025, which showcases Jordan's environmental commitments as part of the 2030 Global Sustainable Development Agenda. Water scarcity remains an immediate, ongoing issue, with meteorological forecasts predicting Jordan's available water reserves will shrink by 30% by 2035. To address this, Jordan has made strides in improving the quality and quantity of recycled water. Now, more than 90% of treated water is used in various sectors kingdom-wide.

Environmental policy

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Yet, given the macroeconomic climate, the environment receives less attention than other areas of public policy. This is reflected in the comparative absence of incentives to encourage increased private sector investment in green projects, particularly with regard to financing mechanisms. This situation extends to environmental policy as a whole, including, for example, waste management, where several proposals have been made to enhance collection, storage and recycling. However, due to the relatively high cost of interventions in waste management, efforts to persuade non-government stakeholders with subsidies and financial relief have not been implemented enough to change stakeholders behaviors and responses.

Nevertheless, action is needed, especially with regard to water conservation and sustainability. Jordan, ranked fifth in the world for water stress, faces a combination of swelling population growth, industrial and agricultural mismanagement and climate change. The latter is causing increased evapotranspiration and decreased precipitation, exacerbating the kingdom's water scarcity. Stanford University's Jordan Water Project has modeled a 30% reduction in rainfall by 2100. All this occurs as Jordanians already make do with 135 cubic meters of water per person per year, far below the United Nations' "absolute scarcity" threshold of 500 cubic meters.

Over the past three decades, the level of the Dead Sea has fallen by more than 30 meters. Sinkholes now dot the adjacent landscape, making once fertile areas of the Ghor hazardous to reach. The long-discussed Red-to-Dead Project, which aims to transport water from the Red Sea to replenish the Dead Sea, remains at a standstill.

Education and R&D require a renewed policy and implementation approach. Historically, Jordan has excelled regionally in educating its citizens and producing competitive graduates, as evidenced by its high literacy rate (98.2% in 2018). Nevertheless, recently, quality has diminished, as acknowledged by the Vision 2025 program. It is noteworthy that Jordan's precise R&D expenditure has not been updated with the World Bank since 2016, when spending was 0.7% of GDP.

The United Nations Relief and Works Agency (UNRWA) provides free education in the Palestinian refugee camps to almost 120,000 students in 161 schools. Refugee children are entitled to attend public and private schools. Syrian refugee students may also access formal education in Jordan. However, the prevalence of double-shift schooling and reliance on substitute teachers have contributed to high drop-out rates.

Roughly 30% of all school students attend private secondary education facilities, which are more expensive than public schools. However, as a consequence of the COVID-19 pandemic, more than 240,000 students transferred from private to public schools, according to the Ministry of Education.

Vision 2025 is an honest appraisal of the structural impediments to improved education outcomes, noting, for example, that expenditure per student is low. This is mirrored in public expenditure on education as a percentage of GDP, which has not changed dramatically in recent years. According to the most recent World Bank data from 2019 it was 3.0%, unchanged from 2018 and lower than the 3.2% spent in 2017.

Education policy /
R&D

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Infrastructure across primary, secondary and tertiary levels varies across the kingdom, negatively impacting equality in opportunity and outcomes. This is compounded by the need to update the primary and secondary curricula. However, the National Center for Curriculum Development (NCCD) has made progress, having redeveloped science and mathematics materials for the first and fourth grades. Further updates are expected. These, among other advancements, are necessary to improve Jordan's score on the U.N.'s education index (range from 0.00 to 1.00), which scored Jordan at 0.644 in 2021, unchanged from 2020.

Governance

I. Level of Difficulty

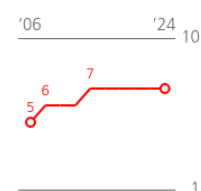
Geographical factors, including high aridity (some 75% of total territory), associated water scarcity and the absence of exportable natural resources, apart from phosphate, are enduring constraints on Jordan's prosperity. Jordan is a net-food importing country, sourcing up to 98% of consumables, including wheat, barley, sugar, rice, corn, chickpeas and lentils, from abroad. Despite this, the agricultural sector, which has a declining share of GDP and employment, consumes more than 65% of Jordan's water, leaving little for the growing urban consumption. With the majority of the population living in the northwest of the kingdom, the option of investment in desalination from the only seaport, Aqaba, 333 km away from the capital Amman is expensive. Water would have to be trucked or piped in. Although the latter option would result in less waste, the infrastructure for this development does not exist and would need to be built from scratch at a high cost. Due to its geography and diminished forest cover, Jordan suffers from flash floods in the Jordan Valley (al-Ghor), which are an annual threat to life and property.

On the geopolitical front, Jordan navigates a difficult, fluctuating neighborhood with Iraq to the east, Israel and the Palestinian Territories to the west, Saudi Arabia to the south and Syria to the north. Domestic and foreign policy are influenced and shaped by developments in each of these states. Jordan currently hosts refugees from Iraq, Syria and Palestine, and, according to the Norwegian Refugee Council, hosts the second highest number of refugees per capita after Lebanon. The UNHCR's data from late 2022 records that Jordan is home to more than 760,000 registered refugees, 674,000 from Syria and the remaining 86,000 from Iraq, Palestine, Yemen and Libya, among others. These figures do not include refugees who have not registered formally. The real figure is, therefore, higher.

Jordan has a long tradition of active civil society organizations (CSOs). However, the level of activity is dependent on the political zeitgeist of the regime at any given time. The Jordanian Muslim Brotherhood was among the largest and most active CSOs for 75 years until it was dissolved by court order in 2020. Officially, this dissolution was a consequence of the brotherhood failing to extricate itself from its political arm, the Islamic Action Front (IAF), and therefore exceeding the limitations of its charitable status. However, given that the IAF had been founded in time for the 1989 parliamentary elections, it is difficult to understand the timing of the decision without reference to regime considerations. Civil Society Law 51/2008 requires all CSOs to

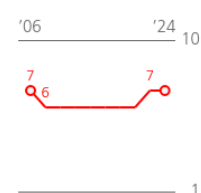
Structural constraints

7



Civil society traditions

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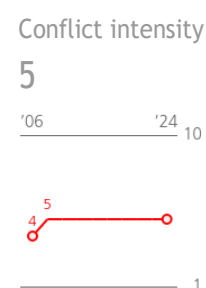
be registered with the respective ministry, whose responsibilities of which align most closely with the organization's area of activity. This serves to limit the field of operations in which CSOs can function.

While Jordan is home to many CSOs, this is not to say that they are accompanied by a broad civic culture of active citizenship in and around those organizations. CSOs often behave like enclosed private organizations, focused on individual projects rather than as coalition-building centers of activism and mobilization. When they do act thusly, like the Teachers Syndicate, they face pressure from internal intelligence services (mukhabarat) and can be dissolved, a fate the teachers suffered in 2020, after less than 10 years in operation. Social capital and trust are consequently not to be found in CSOs but rather in familial and friendship networks.

For decades, Jordan has proven to be a model of political stability and tolerance, with a notable absence of intense conflicts since the Black September of 1970/1971. This conflict, which pitted forces loyal to King Hussein against guerrilla units of the Palestinian Liberation Organization (PLO) left a legacy that persists in contemporary Jordan in the friction between citizens of East Bank and those of Palestinian origin. No oversimplifications should be made in relation to this issue, as there are different variables, such as class, and contexts, including the job market and universities that need to be considered.

There have been instances of violent acts among university students over the past two decades, with some students seriously injured or killed. These actions often reflect broader inter-class, tribal, familial and personal conflicts in society.

Historically, the upper echelons of the military, security services and public sector have been filled by non-Palestinian Jordanians, whereas citizens of Palestinian origin came to be active in business. Business networks have become important support bases for the regime, especially since the ascension of King Abdullah II, as they can function as centers of capital generation, accumulation and job creation. One result of this is that ethnicity and class have become important variables in struggles over the course of the 21st century. The roots of Jordan's Arab Spring in Dhiban and the ongoing strike action of Ma'an truck drivers are two illustrations of this.



II. Governance Performance

14 | Steering Capability

Executive authority in Jordan is constitutionally divided between the king and the prime minister (who is a royal appointee). Government priorities, whether short-, mid- or long-term are primarily developed in the royal court, the king's inner circle, and in the face of foreign pressures. This creates a situation in which the governments themselves neither set nor alter strategic priorities. The government functions as an executor of previously established policy objectives and road maps.

The Jordan National Energy Strategy (2020 – 2030) provides a framework for the country's renewable energy production share to increase to 48.5% of national electricity production by the end of 2030. In line with this objective, restrictions on wattage production were lifted in 2022. Jordan imports upwards of 97% of its energy requirements, according to government sources. Hence, a key part of the Jordan 2025 Vision is to boost local energy production to meet rising consumption through two main endeavors: expand the number and output of renewable projects and improve transmission efficiency of the existing energy distribution network.

Since the ascension of Abdullah II in 1999, the scope of foreign assistance to Jordan has only expanded and now includes financing for infrastructure projects, educational development, agricultural upgrades and employment expansion. In light of this, international actors, the IMF and World Bank among them, are involved in policy and strategy implementation. Jordan's Vision 2025 is an example of this.

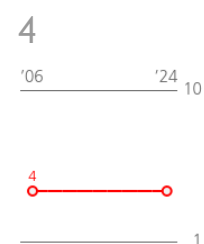
Jordan's administrations have a mixed record of implementation in both domestic and foreign policy. In relation to renewable energy, Jordan has become a leading country in the region, with more than 20% of the national electricity grid being currently powered by either solar or wind energy. However, it is unlikely, in part due to the financial constraints of COVID-19, that the ambitious goals of Vision 2025 will be met.

Furthermore, the al-Khasawneh government has continued to develop plans to establish a new city 40 kilometers to the east of Amman, with ground scheduled to be broken in 2025. These are illustrations of consistent policy implementation.

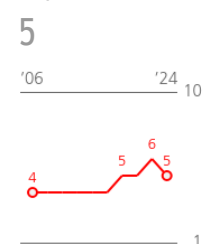
However, job creation in general, a key goal envisaged in the Vision 2025 plan, has not been successful. Official unemployment has not dropped below 10% since 2000, and the unofficial rate is more than double that. The COVID-19 pandemic did not improve the situation, with many businesses, including seven prominent hotels in Amman, shutting down as a consequence of the pandemic's effect on the economy.

Question
Score

Prioritization



Implementation



For several decades, the kingdom has suffered from annual deficits, which currently total more than \$3 billion a year (more than half of tax revenues collected in 2022). Jordan thus remains reliant on aid and loans from abroad. The United States, for example, gave Jordan aid totaling \$5.323 billion between 2019 and 2022. Over the same period, the World Bank has provided \$3.205 billion. This reality stands in stark contrast to the promises of successive Jordanian governments to enact policies promoting “self-reliance” and economic stability with minimal reliance on foreign loans and aid relief.

In terms of foreign policy, numerous analysts have highlighted the difficulties Jordan faces in making decisive decisions. Instead, ambiguous or contradictory positions have been adopted so as not to anger foreign aid donors and creditor agencies.

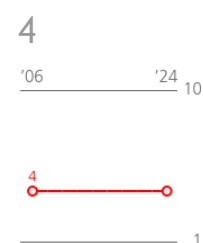
The official responses to the COVID-19 pandemic are evidence of some policy learning on the part of the governments led by Prime Ministers Omar al-Razzaz and Bisher al-Khasawneh. The responses were managed by the National Committee for Epidemics and the National Center for Security and Crisis Management (NCSCM) in consultation with international bodies, notably the World Health Organization (WHO). Likewise, the new city project, to be constructed east of Amman and al-Zarqa, will rely on consultations with a number of specialized agencies, including Dar al-Handasah Shair & Partners, a leading architecture, engineering, planning, environment, and project management firm. Such expertise will be essential for the new city to become the renewable-energy-powered, smart-designed model of the future that it is touted to be. Renewable energy development is one key area where successive governments have taken international best practices on board to implement a number of projects across the kingdom, including the al-Rajef wind farm in the Ma’an governorate and the Fujeij wind farm in Tafileh.

Simultaneously, governments in Jordan continue to alienate citizens by not adequately explaining policy decisions and delays. The Amman BRT project, for example, an excellent public transport initiative, suffered from delays that were not communicated sufficiently and risked alienating the public.

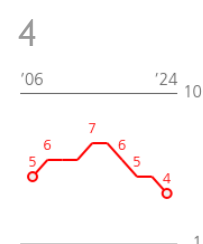
15 | Resource Efficiency

Resource efficiency requires increased transparency and public oversight if trust in established mechanisms is to increase. Personnel dismissal is often politically motivated. Prime ministers, with the recent exception of Abdullah Ensour (2012 – 2016), rarely finish a full term. Given that prime ministers are royal appointees, their dismissal and selection, unless immediately preceding an election, is commonly based on their family networks and their perceived ability to undertake a particular political task while in office – security consolidation, promoting an unpopular economic agenda or calming a protesting populace – rather than their expertise and potential.

Policy learning



Efficient use of assets



There is little to no transparency with regards to the allocation of budgetary resources. Therefore, there can be no real audits of spending by civil society or parliament. The high centralization of political and administrative organization and capacity in policymaking and service delivery continues to produce dissatisfaction among municipal governments. There is therefore a need to expand administrative capacities and decision-making, including budgets, to the governorate and municipal levels.

Successive budgets have not been balanced. The consequent growing deficit continues to be serviced by borrowing from foreign creditors and aid acquisitions. Public debt grew to more than 110% of GDP in 2022.

In recent years, the homes and businesses of several prominent Jordanians, from former Prime Minister Abdullah Ensour to the brothers of Parliamentary Speaker Atef Tarawneh, have been raided in high-profile anti-tax evasion campaigns. Whether publicizing raids such as these helps improve compliance in the country remains to be seen. Jordanian authorities have made progress in tightening laws to combat tax evasion and corruption. In 2020, a new income tax bill changed tax evasion from a misdemeanor to a felony crime, in an effort to induce an improved culture of tax compliance. Moreover, in 2022, the General Sales Tax Law was amended, closing loopholes previously used to delay paying taxes on time. Additionally, in August 2022 the Jordanian Ministry of Finance announced that all revenues acquired via social media would be subject to income tax and will establish a new directive to seek out evasion.

As is common in many states, considerable competition between and within government ministries and departments exists in Jordan, especially over budgetary allocations. A key role of the prime minister and the diwan (royal court) is to mediate this and arbitrate when necessary. Personal relationships are as significant as hierarchies. Responsibility is not especially transparent, owing to the particular coordination model of Jordanian bureaucracy that integrates a highly centralized and hierarchical skeleton with the soft tissue of informal networks.

This model has produced coordination successes such as the development (but not always the application of) the Jordan Response Plan and the national response to the COVID-19 pandemic. In the latter case, however, initial support from the electorate for the Razzaz government gave way to disillusionment as its public health response merged with political considerations, manifesting in harsh crackdowns on assembly and the dissolution of the popular Teachers' Syndicate.

The Jordan National Energy Strategy (2020 – 2030) has produced fruitful coordination between the central government, foreign investors and expertise, governorate councils and municipal mayors. The Green Corridor Project connecting Ma'an to al-Qatraneh is an example of successful coordination. It is important to recognize that, although Jordan has engaged in a program of decentralization, theoretically empowering the governorate and municipal councils to make political decisions, budgetary decisions and allocations are determined in Amman. This sustains the role of the centralized authority in project development and planning.

Policy
coordination

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Over the past 15 years, Jordan has implemented a widespread legislative framework for combating corruption, with the Jordan Integrity and Anti-Corruption Commission (JIACC) leading investigations. The law facilitating its actions, the Integrity and Anti-Corruption Law No. 13 of 2016, has been amended regularly, as recently as April 2022 in order to strengthen it. The need for a strong anti-corruption body is extensive. A survey conducted in late 2021 reported that 55% of respondents believed that corruption exists to a great extent in state institutions, while an additional 32% believed it exists to a medium extent. The commission has successfully led investigations, resulting in prosecutions in numerous cases. In 2022, the CEO of the Arab Investors Public Shareholding Company was arrested after a JIACC investigation into job investments that resulted in legal and financial violations, causing the loss of shareholder funds worth approximately JOD 107 million (approx. \$150 million).

However, *wasta* – loosely translated as a form of nepotism in which personal connections are used to generate favors and personal advantages – remains a serious problem. This is especially true for parliamentarians. Despite being illegal since 2006, it is widely known that members of parliament use *wasta* to provide services and employment to their constituents. No convictions for this crime have ever taken place. Further, parliamentary immunity against prosecution, requiring a simple majority vote since 2011, has rarely been lifted, a requirement to prosecute sitting ministers and members of parliament. In a 2019 interview, a former board member of the IACC lamented that a number of cases against sitting ministers failed to proceed because members of parliament refused to lift immunity.

Jordan is one of three Arab states (alongside Morocco and Tunisia) to be a member of the Open Government Partnership (OGP) and is currently undertaking its fifth action plan (2021 – 2025). To develop this action plan, the Ministry of Planning and International Cooperation formed an OGP working group, composed of government and civil society stakeholders in equal proportion. For the first time, rather than just serving to identify priorities as for the previous plans, the current plan involved collaborative creation. Despite this, however, there remains more to do to promote transparency and openness with regards to real-time auditing of state spending and government procurement tenders. These require improved reporting from ministries and increased public access to information.

Anti-corruption
policy

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16 | Consensus-Building

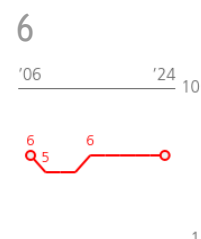
Achieving consensus as to what democratization and marketization mean for Jordan moving forward is a persistent challenge, although all the leading state officials at least publicly advocate for both as significant for Jordan’s future. Concerning democratization, there is insufficient trust in established institutions and personnel to adequately manage executive and legislative functions. The Arab Barometer VII reported in late 2022 that fewer than one-in-five Jordanians believe that the government is responsive to citizen needs. Just as depressing, only 16% of respondents stated that they have a great deal of trust in parliament. A constitutional monarchy, with an active parliament and independent government, is unlikely to arise anytime soon.

Marketization has been implemented to reform Jordan’s semi-rentier economy. However, the multilateral and bilateral relations constructed by the kingdom with a range of state and non-state actors have simultaneously worked to sustain rent-based, domestic sociopolitical dynamics. A majority of domestic actors, including political parties (irrespective of ideology), civil society organizations, members of parliament and government officials, recognize that marketization is part of Jordan’s present and foreseeable future. Yet, they expect government interventions to ensure basic citizen requirements.

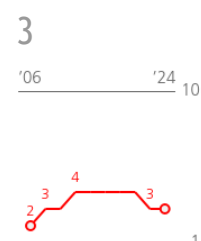
Jordan is a semi-authoritarian state in which all domestic actors are dependent to varying degrees on the state and its agents. The operating environment and political rules are determined and interpreted according to the needs of the Hashemite regime and must be followed by reformers and anti-reformers alike. The dissolution of the Teachers Syndicate and the Muslim Brotherhood in 2020 are illustrations of the consequences if actors are perceived to have pushed the state too far. A similar dynamic is at play with the arrests of the leaders of the Ma’an truck drivers’ strike. To date, democratic and reform-minded actors have not been able to either exclude or co-opt their opponents in any meaningful way.

The political leadership under both Kings Hussein and Abdullah II has proven adept at moderating the ill effects of cleavages within Jordanian society. Several cleavages exist between citizens of East Bank and Palestinian origin, including different religious persuasions, tribal affiliations and regional origins (particularly north vs. south). Furthermore, with Jordan hosting the second-highest number of refugees per capita globally (more than 10% of its population), there are also emerging cleavages between citizens and non-citizens. These relate primarily to access to resources and employment opportunities. Success in mitigating these potential rupture points stems from domestic stability and the success Jordan has had in acquiring international aid and investments, although both fall short of existing demand. Benefits and privileges

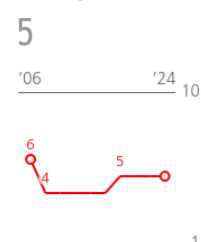
Consensus on goals



Anti-democratic actors



Cleavage / conflict management



have nonetheless been distributed society-wide, underscoring the continuing significance of *wasta* and clientelism in Jordan. In light of the difficult economic situation in the kingdom, many of the cleavages listed above are developing characteristics of class conflict.

Policymaking is centralized, with the king, the diwan and the prime minister being the leading domestic actors. Additionally, international actors, from the IMF and World Bank to states, play an important shaping role in the policy environment. Consequently, domestic civil society has struggled to consistently and meaningfully influence decisions. More often than not, it is unruly demonstrations on a broad national scale that lead to policy alterations and reversals, rather than formal advocacy by CSOs. However, when considered practical, CSOs are given spaces to participate in policy agenda development, particularly in relation to economics. Such CSOs include the Talal Abu-Ghazaleh International Organization and the Jordan Strategy Forum (JSF). One area where civil society organizations have had a more consistent role in performing concerns monitoring elections. Jordan is home to a number of well-respected CSOs, such as RASED Jordan that have taken on the responsibility of monitoring and evaluating elections.

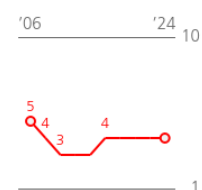
The Hashemite monarchy is the main unifying element in Jordan’s political system. However, in the process of consolidating its position, it has sustained and continues to sustain sociopolitical cleavages among different communities. Consequently, reconciliation is a complicated issue. Jordanians of Palestinian origin are especially caught up in this, owing to actions undertaken against the PLO and its supporters during the Black September civil war of 1970/71 and its aftermath. King Hussein’s unilateral administrative disengagement from the West Bank in 1988 additionally served as a foundation for the later stripping of citizenship from many citizens without their consent.

17 | International Cooperation

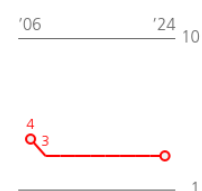
International partnerships and cooperative agreements have and continue to be instrumental in strategy development and implementation. In general, short-to-midterm expediencies and rent-seeking behaviors dominate the use of international assistance. However, this does not mean that large-scale strategic objectives are ignored. The development of the renewable energy sector is one example of the successful use of foreign capital and expertise. Nevertheless, in this sector, Jordan has yet to advance from a consumer of technology to a manufacturer and exporter of renewable technologies.

Another example of significant international cooperation concerns water security and the development of desalination capacity. In November 2022, Minister of Planning and International Cooperation Zeina Toukan announced the acquisition of new loan deals worth \$1 billion from the European Investment Bank (EIB) and the United

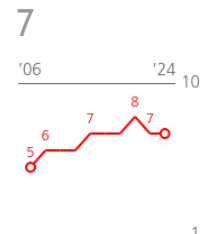
Public consultation
4



Reconciliation
3



Effective use of support
7



States, among others. This funding is essential for advancing the Aqaba-Amman Water Desalination & Conveyance Project (AAWDCP), the largest water generation scheme in Jordan's history. It will provide 300 million cubic meters (MCM) of potable water to Amman and other governorates along the proposed pipeline route from Aqaba in the south to Amman in the northwest. By closing the growing supply/demand gap for water in Jordan, the AAWDCP will contribute pointedly to a number of objectives central to Jordan's domestic and international agreements, including Jordan's National Water Strategy, the EU Joint Communication on Renewed Partnership with the Southern Neighborhood, and the EIB Climate Bank Roadmap and Adaptation Plan.

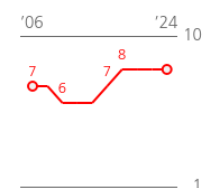
With regards to refugees, Jordan's Palestinian refugees continue to be assisted by UNRWA, while the Syrian refugee population is covered by the Jordan Response Plan, which seeks to align international and local initiatives. However, the plan is perennially underfunded. In 2022, only 30% of projected expenditures were covered because international donors lost interest.

Overall, Jordan is considered a reliable partner in its dealings with the international community. Yet, the extent of the kingdom's credibility changes according to the issue in question. Regarding military and intelligence cooperation, Jordan excels, with General Michael Kurilla, commander of the United States Central Command (CENTCOM), describing the JAF during a 2022 interview as among the "strongest, most committed and most reliable partners." Climate change, similarly, has caused Jordan to be active on the international stage, and it has a credible reputation concerning its endeavors in the energy transition. In relation to human rights, however, credibility is mixed. Jordan has ratified a number of important international human rights, including the Convention against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment (CAT) 1991, the International Covenant on Civil and Political Rights (CCPR) 1975, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1992 and the International Covenant on Economic, Social and Cultural Rights (CESCR) 1975. However, it has not implemented all of the stipulations of these agreements to the letter and maintains opposition to some of their articles. Upholding human rights, as noted in the constitution, is subject to legislation and therefore malleable to immediate political expediency.

In comparison with other regional blocs, inter-Arab trade remains limited. Owing to its small population and overall productive base, Jordan's bargaining power is limited in contrast to its neighbors, especially those in the Gulf Cooperation Council. Regional diplomacy is thus, at times, a rough ocean to navigate. Jordan's 2021 energy agreement with Israel under the auspices of the United Arab Emirates is an example of the kind of bind Jordan can find itself in: the government requires energy developments for domestic consumption and job creation, but it cannot be seen as being too friendly with Israel by accepting the Israeli occupation in the eyes of its citizens.

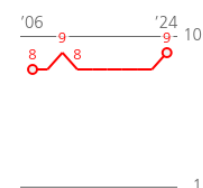
Credibility

8



Regional cooperation

9



Attempts at warming the cold peace with Israel have rarely been successful. In 2020, parliament voted yes on draft legislation to ban Israeli gas from entering Jordan. However, in 2022, the Ministry of Energy and Mineral Resources granted the Jordanian-Egyptian Fajr Natural Gas Company approval to deliver gas from Israel to factories in Jordan. There is an ongoing national campaign against these maneuvers. Currently, however, Jordan receives gas from Israel, as it does water allocations from the Jordan River under the terms of the Wadi Araba Agreement.

Nevertheless, Jordan is an active regional player and enjoys close ties with a number of states, such as Iraq, with whom it has an agreement to purchase crude oil at preferential prices. In December 2022, Jordan hosted the second round of the Baghdad Conference for Cooperation and Partnership. It is a member of the League of Arab States and the Agadir Agreement. In 2022, a memorandum of understanding (MoU) was signed with Oman, aiming to enhance Jordanian-Omani cooperation in competition protection and monopoly prevention. Militarily, Jordan has been a member of the Saudi-led coalition against the Houthi forces in Yemen. In an interesting regional move, in January 2022, Jordan agreed to supply Lebanon with 250 megawatts of electricity transmitted via Syria.

Strategic Outlook

The COVID-19 pandemic may have been unprecedented in contemporary times. However, the more things change in Jordan, the more they stay the same. Economic growth is returning to pre-pandemic levels, but it is not accompanied by commensurate job creation or improvements in living standards. In the meantime, the debt-to-GDP ratio remains unsustainable – a clear indication of Jordan’s unhealthy dependence on foreign aid and loans to cover expenses. Additionally, decision-making remains tightly centralized, with all major positions in the state’s apparatus being royal appointments with less oversight than 10 years ago. As the lockdowns eased, Jordanians returned to the streets to protest their country’s political and economic agendas.

At this moment, it is clearer than ever that democratic quality can only be achieved through equality among citizens in terms of human development and spatial justice, as well as electoral participation influencing the government’s composition. If Jordanian policymakers wish to maintain Jordan’s stability, they must take constructive steps to secure these objectives. Two key ways in which this institutional matrix could become more democratic are (1) transitioning the established practice of technocratic, royally appointed government cabinets (in the case of the prime minister) to a parliamentary system, and (2) implementing decentralization to grant decision-making power to the local level. This would establish a direct link between national decision-making and representative institutions. However, the rhetoric about creating parliamentary administrations and implementing decentralization has persisted for decades, with few tangible actions taken. Encouraging oversight of expenditures and improving communication between citizens and government officials are both desperately needed to gain the support of Jordanians and advance the state’s strategic economic and political endeavors.

The regional picture is rapidly changing. Different coalitions are forming around the GCC states, Iran and Türkiye, with support from the United States, Russia and increasingly China. These alliances are altering the established chessboard on which the region’s politics have been played for the last two decades. Russia’s ongoing war in Ukraine is placing severe pressure on Jordan’s already-strained food security. Although Jordan only imports 10% of its grain from Ukraine, the inflated costs of shipping and insurance and the global spike in demand have pushed prices exorbitantly high. According to the Central Bank of Jordan (CBJ), the cost of food imports in the first quarter of 2022 increased by 37% compared to the same period in 2021. Furthermore, over the same period, wheat imports rose by 172%.

Israel continues to pursue its diplomatic endeavors in hopes of expanding the number of signatories to the Abraham Accords. In this context, Jordan’s relationships with the European Union and the United States will remain key as the kingdom navigates this changing regional matrix. Although civil war continues in Syria, opportunities are emerging in Jordan’s northern neighbor for reconstruction and energy transfer. If the kingdom can continue to develop its domestic renewable energy generation and storage capacities, it will be prepared to seize opportunities as they arise.