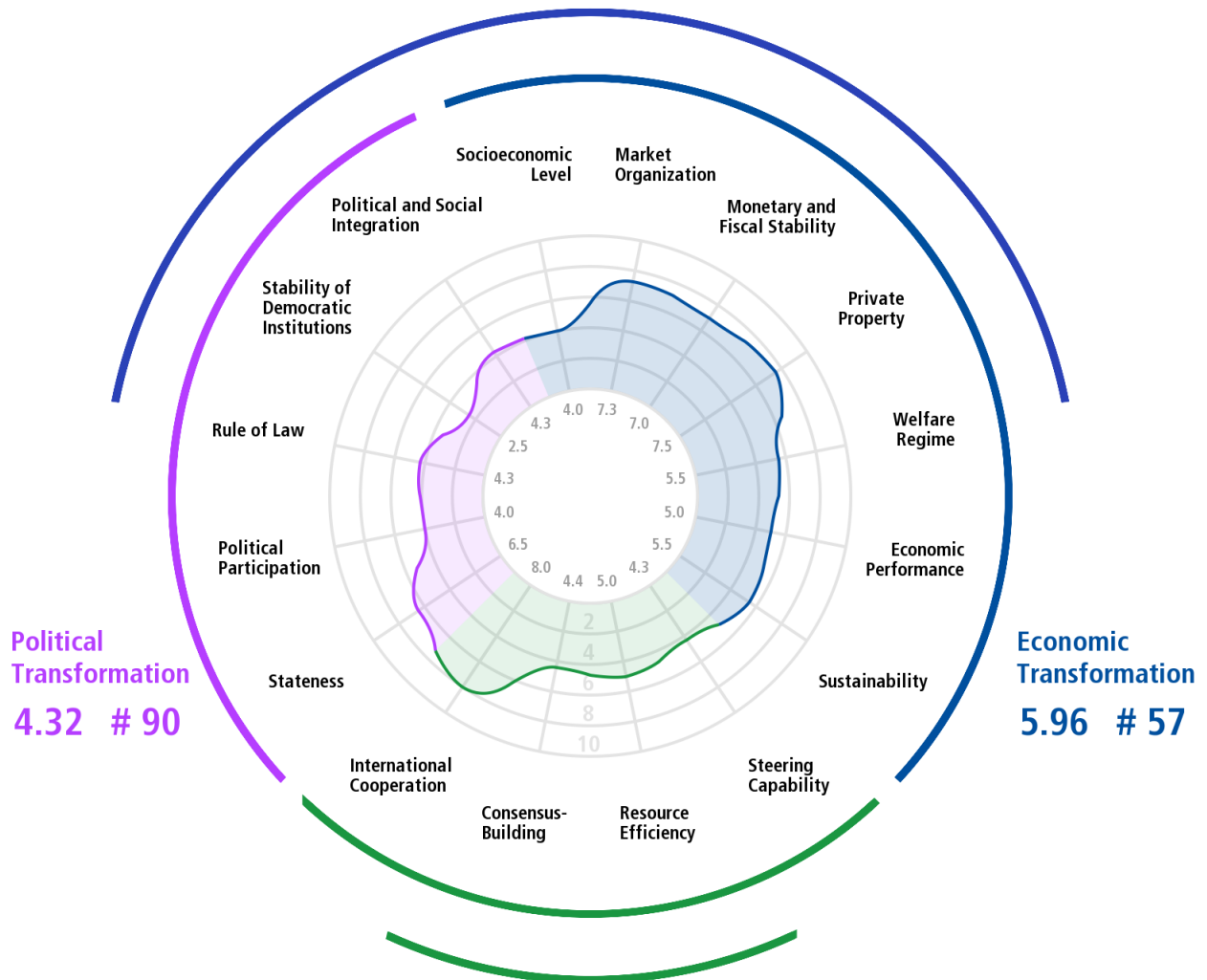


Jordan

Status Index

5.14 # 78

on 1-10 scale out of 137



Governance Index

4.86 # 72

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. 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	10.0	HDI	0.723	GDP p.c., PPP \$	9348
Pop. growth ¹	% p.a.	1.8	HDI rank of 189	102	Gini Index	33.7
Life expectancy	years	74.3	UN Education Index	0.678	Poverty ³	% 2.1
Urban population	%	91.0	Gender inequality ²	0.469	Aid per capita \$	298.7

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

In the period under review (February 1, 2017 to January 31, 2019), Jordan continued to consolidate, maintaining stability and integrity, although both remain fragile. Officials have publicly declared that the kingdom year-on-year has not received sufficient foreign capital, as promised by the international community, to assist decision-makers and the public in handling the impact of the Syrian refugee population on its cities, food supplies, water resources and other utilities. Jordan has re-opened its border crossings with Iraq and Syria and has taken steps to initiate a normalizing of ties with the latter. The two main aims of opening the border crossings are to boost economic growth and employment through increased exports in the short term, and to facilitate the return of the 671,551 Syrian refugees currently living in the kingdom in the longer term.

Economic figures are mixed. Foreign reserves are healthy and energy diversification has seen some positive results. Official unemployment, however, remains stubbornly high at above 18% and the budget deficit, while narrowing slightly, is unsustainable. On the political front, the state has continued to assert itself as the prime actor. This, however, has not been a one-way interaction, with the citizenry demonstrating a capacity to make claims on the agencies of the regime. The May/June 2018 protests, which led to the resignation of Prime Minister Hani al-Mulki and the appointment of Omar Razzaz as his successor, are prime indicators that, when pushed, the regime will make concessions. Historically, a change in personnel of this nature would have been sufficient to alleviate public discontent. However, during the period under review, it appears increasingly clear that old dynamics in Jordanian state-society relations are becoming obsolete. Though quite what this means exactly for Jordan's democratization and marketization trajectories in the near to mid-term is unclear.

In August 2017, Jordan experienced its first elections under the twin decentralization and municipalities laws (2015), which attracted a turnout of 31.7% of registered voters, lower than desired. The present model of decentralization does little to decentralize decision-making powers

away from Amman. Instead, it functions to further integrate governors into the existing centralized hierarchy. Little if any functions have reached the municipal level. There were no general elections held in the present period. In an advancement of women's rights, the penal code was reformed, removing Article 308, the notorious provision that had enabled rapists or those convicted of sexual assault to avoid punishment if they married their victim.

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. King Abdullah II's ascension, succeeding his father Hussein in 1999, saw the acceleration of liberalization with the domestic economy opened further to global market forces and regulation. Both the marketization and democratization processes observable in the kingdom today have their origins in the decision of the late King Hussein to liberalize the economy and to re-initiate the domestic political sphere in 1989. This brought Jordan into the sphere of the post-Cold War Washington Consensus, where it has since remained, fostering strong bilateral ties with the United States, European Union, Japan and South Korea, among others.

In King Abdullah II's first decade in power, a significant series of privatizations was completed, which included the privatization of Arab Potash Company (2003), Jordan Phosphate Mines Company (2006) and Royal Jordanian Airlines (2007). Macroeconomic reform has been central to Abdullah II's reform agenda. There are associated success stories concerning GDP growth (despite fluctuations), central bank stability and energy diversification, with renewable energies and nuclear power emerging as viable parts of the energy mix. Private sector expansion has been considerable, but insufficient to absorb the tens of thousands of university graduates seeking entry into the job market every year. This inability to integrate university graduates has contributed to sustained high rates of unemployment. In 2018, the official unemployment rate exceeded 18% and upward of 30% for young Jordanians.

Contrary to expectations in 1999, political decision-making has become increasingly centralized during the intervening years. In the wake of 9/11, subsequent U.S. interventions in Afghanistan and Iraq, and the Amman hotel bombings in 2005, new anti-terrorism legislation approved in 2006 gave the Gendarmerie and the General Intelligence Directorate (GID) new powers of surveillance and action that have suppressed critical voices in the community. Furthermore, in 2016, the definition of terrorism was further broadened. The Press and Publications Law was amended in 2012, with reformists arguing that the amendment targeted online criticism of the regime. In 2014 and 2016, a series of constitutional amendments bestowed in the king the unilateral power to appoint significant actors in the political system. The king now selects, among others, the head of the GID and the army's chief of staff without the prior need for ministerial oversight.

The uprisings of 2011 forced a partial retreat and concessions on the part of the regime toward reformists and citizens. A Constitutional Court was established, a promise to consult parliament on the appointment of future prime ministers was made, changes to the Political Parties Law and

the Public Assemblies Law were passed, and in 2016 the new elections law replaced the single non-transferrable vote (SNTV). Yet, since 2014, the state has re-established its control over the reform agenda, with assistance from popular apprehensions regarding spill-over effects from Syria.

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 state's monopoly over the means of coercion extends across Jordan's geographical scope, although this does not preclude the existence of spaces where the exercise of this monopoly is challenged. Anecdotally, organized crime renders some parts of privately held land in the Jordan Valley off-limits to general law-enforcement (local police units). Similarly smuggling rackets persist in the Eastern arc of the kingdom from Ma'an in the south to the Iraq/Syria border junction in the north-east.

The presence of a substantial community of Syrians displaced by the ongoing civil war – numbering 655,624 according to the UNHCR or 1.3 million according to Jordanian authorities – has not impeded the state's monopoly on the use of force. Instances of border violence, blamed on affiliates of the Islamic State (IS) group in Rukban, remain isolated and are adequately dealt with by the Jordanian army. Threats of domestic terrorism are rare but can occur despite the efforts of local intelligence services. On August 10, 2018, a bomb was detonated under a police car at a music festival in the predominately Christian town of Fuheis, killing one police officer. Another three officers were killed a day later in Salt. After pursuing the alleged perpetrators of the initial attack to a building in the city, an improvised explosive device (IED) exploded as the officers entered the building. A fourth officer died of his injuries a day later.

The nation-state is accepted by the majority of the population as a legitimate vehicle of collective identity. No existential threats from alternative models exist at present. Jordan's citizenship regime has come under sustained pressure over the past decade from Jordanian women married to non-Jordanian men, whose children cannot automatically receive citizenship. Under the constitution, citizenship is patrilineal. As such, children who are born and reside in Jordan are not recognized as Jordanians by the state if their father is a non-citizen.

Question
Score

Monopoly on the
use of force

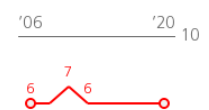
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State identity

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Instead, the law recognizes them as being of the same nationality as their fathers. In 2014, a Ministry of Interior survey found that over 355,000 such children live in the kingdom, and because of their status they cannot access public services or work in the formal sector unless granted special dispensation. From the state's perspective, granting these children citizenship is difficult because of demographic practicalities. While no census-based data has been released, it is known that the majority of Jordan's citizen population is of Palestinian origin. Similarly, most of the fathers of the children without citizenship are Palestinian. The children therefore are in effect stateless. Although concessions have gradually been made, such as access to public schools and health clinics, a draft law, which would have granted them working rights if passed, was voted down by the parliament.

Religious dogmas formally and informally influence the kingdom's political institutions. The Jordanian constitution (article 2) defines Islam as the official state religion and states that the king must be a practicing Muslim. Hence, although all citizens may freely practice their religion whether Islam or other (article 14), societal norms – emanating from the primacy of Islam in Jordan's institutional architecture – constrain the actualization of religious equality. Discrimination is known to exist. Christians cannot proselytize, and conversion from Islam to any other religion is rarely recognized and may sometimes be dangerous for the individual in question.

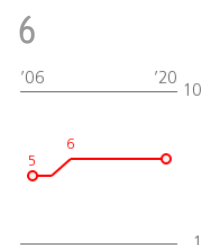
On a more formal level, religious norms influence the legal system. The personal status law, for example, is determined by religious dogmas for Muslims and Christians, and therein limits the application of the civil legal code in this area. Questions pertaining to marriage, divorce and inheritance are dealt with by religious courts, Shariah and ecclesiastical. For instance, a Jordanian Muslim man can marry a non-Muslim woman, but a Jordanian Muslim woman cannot marry a non-Muslim man. In this way and others, the practice of citizenship is associated intimately with both the religion and gender of the individual, which increases the risk of marginalization, especially for minorities.

The kingdom's territory is administered by a division of 12 governorates, led by a governor and governorate council. Despite the introduction of new decentralization and municipalities laws in 2015, the majority of decision-making, especially key strategic planning, remains centralized in Amman. As a December 2018 study by the Amman-based Karak Castle Center attested, neither the legal framework nor the governorate councils' effectiveness are sufficiently elaborated yet.

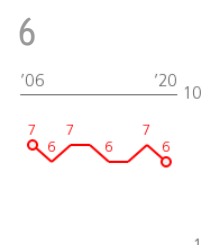
Municipalities are responsible for service delivery (e.g., of utilities). Water is delivered by truck to all but the most exclusive neighborhoods, and close to 40% of all distributed water is lost through leakage or theft, although important improvements have been made in recent years.

Education levels and literacy rates in particular remain high, illustrative of the existence and efficacy of some basic administrative structures. Male and female

No interference of religious dogmas



Basic administration



students can expect to receive 12 to 13 years of schooling. Health care is another area where basic administration displays its efficacy. 98.6% of the population (including both urban and rural citizen inhabitants) have improved sanitation facility access (2015). These are among the highest in the MENA region, according to the WHO.

On the other hand, infrastructure projects are regularly beset by planning issues and corruption. For example, ground was broken on the “Fast Bus” link (BRT) between Amman, Swelieh and Zarqa in 2010, but the project is not due to be completed until 2020 as a consequence of delays and technical irregularities. Taxation remains a problematic subject for governments. In June 2018, former prime minister Hani al-Mulki resigned following a series of unprecedented public demonstrations since 2011, whose participants rejected his government’s proposed changes to the domestic tax law. Al-Mulki’s successor, Omar Razzaz, has since his own appointment struggled to balance the pressure of street protests with pressure from the kingdom’s international creditors.

2 | Political Participation

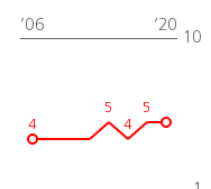
The national parliament is a bicameral institution. It consists of the Chamber of Deputies (Majlis al-Nuwab), whose members are elected by the public in secret ballots, and the Senate (Majlis al-Ayan), whose members are appointed by the king. General elections at the national level are regularly conducted in the kingdom. Since King Abdallah’s ascension in 1999, elections have been held five times, with the latest in 2016. An Independent Electoral Commission was established in May 2012 and has now overseen two general elections (2013 and 2016). In doing so, the commission has taken electoral organization away from the Interior Ministry.

Voting is not compulsory and women have been able to participate since 1974 when they were granted suffrage. Voting is ordered according to a citizen’s residence within an electoral district. This is often aligned with family origin. In practice, this means that a resident of Amman, whose family comes from Ramtha and who has Ramtha listed on their ID cannot vote or run as a candidate in Amman without first changing their details. Because of the significance of kinship to voting practices, voting is complicated by family pressures.

Ballots are conducted in secrecy and, since 2007, international observers have monitored the transparency of the process. In terms of quantity, Jordan has over 40 political parties and, although each of these parties is theoretically able to run competitively in electoral campaigns, there are several critical structural impediments. Chief among the structural impediments is the reality that political posts within both the parliament and the government are not filled according to electoral results, as occurs in majoritarian contexts for example.

Free and fair elections

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Appointments to cabinet positions are made by the prime minister, who is in turn appointed by the king. Further, members of the government cabinet do not need to be elected sitting members of parliament. Indeed, the majority of Jordanian cabinets have been composed of technocrats rather than parliamentarians. Hence, government posts are allocated according to a set of interests and calculations other than those of the electorate at large.

The king is the head of the executive and enjoys constitutional protections positioning him beyond scrutiny. He has the right to unilaterally select the prime minister and exercises this regularly, both Hani al-Mulki and Omar Razzaz were royal appointees. The rapid timeframe in which they were appointed belies the promise of adequately consulting the parliament.

The prime minister is a member of the executive to whom decision-making authority is delegated by the king. There are three methods by which the prime minister and cabinet may be removed from office: parliamentary votes of confidence, requiring a two-thirds majority of parliamentarians; royal dissatisfaction from above; and as a means of averting further public discontent, as demonstrated by the removals of former prime ministers Samir al-Rifai in 2011 and Hani al-Mulki in 2018. In other words, the change is made in response to public opinion.

Governments are not elected and subsequently the space in which democratic governance functions is structurally restricted. Taking this into consideration, governments in Jordan must, in general terms, contend with two principals: the regime headed by the executive and the parliament, theoretically embodying the collective interests of the citizenry.

That these principals have incongruent interests was illustrated in May/June 2018 when public demonstrations erupted in response to the proposal of the then al-Mulki government to re-design the domestic tax law. The protests were of such determination that al-Mulki was forced to resign his premiership. The discontent over the draft tax law was directed at the belief that the government was acting in the interests of foreign entities, especially the IMF, ahead of citizens, who have been forced to shoulder the burden of 30 years of austerity.

Given Jordan's chronic debt affliction, annual budgets have consistently been dependent on external loans, aid and debt relief. Consequently, power to govern in the domestic realm, is irrevocably and intimately associated with external relations.

Effective power to govern

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The kingdom's constitution enshrines for citizens the freedom to organize and join political and civic associations (article 16). Political parties have been legal since 1992 and represent at least four main societal currents: Islamists, who include the Islamic Action Front (IAF) which is affiliated with the Muslim Brotherhood; Arab nationalists; leftists; and national conservatives.

According to article 16, all "Jordanians shall have the right to hold meetings within the limits of the law," and "shall have the right to establish societies, unions and political parties provided their objective is lawful, their methods peaceful, and their by-laws not in violation of the provisions of the constitution." The efficacy of these capacities is, however, determined not by the constitution, but by legislation. As a result, rights on paper may evolve into guidelines in practice, as evidenced here.

Only those organizations registered as having an innate political character, chiefly political parties, may engage in political acts. Any collective, particularly civil society organizations, seen to be straying into political activity can be charged with acting unlawfully. This is, however, arbitrary. In late December 2018, Minister of State for Information Jumana Ghunaimat stepped on an enlarged image of the Israeli flag, which had been installed at the entrance of the Engineers' Union building in Amman. The decision by the union was a political act against the Israeli occupation. As such, it qualifies as being beyond the scope of the union's legally sanctioned activities. Despite this, the union has not met with retribution from the state, which in some respects perceives the action as aligned to its own domestic considerations. Jordan's Professional Unions Association announced in January 2019 that it would follow their co-union's example.

In 2011, the Law on Public Gatherings was amended, rescinding the previous requirement that those seeking to organize marches or demonstrations obtain prior permission. This has improved the ability of Jordanians to organize and demonstrate in the face of an unrepresentative parliament. Although, as witnessed in the May/June 2018 protests, the arrest and detention of activists still occurs with little transparency on the part of law enforcement.

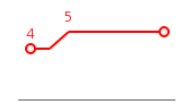
Analogous with freedom of association, the constitution guarantees freedom of expression to all Jordanians. Clauses 1–6 in Article 15 of the constitution codify the freedom of expression enjoyed by citizens. This includes individual opinions in writing and speech, in addition to media and news publications, and scientific research. In all cases, the constitutional clause is caveated by the requirement that the freedom be exercised in accordance with the associated law.

Thus, as with the freedom to associate, the freedom to express an opinion in a range of fora is framed by the constitution but defined by legislation. The 2012 Press and Publications Law, for example, has been used to censor websites and, under the law, domestic webpage managers are responsible not only for their content, but also for any commentary that is posted on their website. Criticism of the king and the royal

Association /
assembly rights

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Freedom of
expression

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family is prohibited, although in contentious times (e.g., during the significant protests in 2011, November 2012 and June 2018) Jordanians, especially those with influential family connections, have been able to chant slogans against the royal family with little castigation.

In 2018, the Razzaz government attempted to pass a cybercrimes law, which would have further restricted the ability of citizens to use websites – social media was particularly targeted by some of the draft provisions – to criticize government and state institutions. At the time of writing, the draft law has been withdrawn from the parliament.

Compared to neighboring Arabic-speaking countries, however, Jordanian’s social media activists are able to vociferously express their discontent with the government’s performance, especially on issues such as corruption and the state of the economy.

3 | Rule of Law

In Jordan, executive, legislative and judicial powers converge in a manner beyond that observable in parliamentary systems. Specifically, the executive is constitutionally sanctioned to encroach on the activities of the other two. The king heads the executive, and both reigns and rules. According to Article 35 of the constitution, executive authority is theoretically delegated to the prime minister. However, the freedom of action enjoyed by prime ministers and their cabinets is questionable.

With regards to parliament, its ability to operate as the chief legislative institution is delimited by the executive in at least two institutional ways. First, only one-half of the bicameral assembly, the Chamber of Deputies (Majlis al-Nuwab), is directly elected by the citizenry. The other chamber, the Senate (Majlis al-Ayan), whose members at all times number half the number of deputies, is composed of royal appointees. Hence, the executive becomes an active agent in the legislature. The second method, through which parliament is influenced by the executive, affects its relationship with the government and subsequently the legislative process.

The government exists “outside” of the parliament and hence ministers do not need to be elected sitting members. The majority of draft legislation begins life with the cabinet and the Royal Court (Diwan). Here, bills are drafted in accordance with the government’s agenda, before they are introduced for debate into the Majlis al-Nuwab. It is possible for members of parliament to draft legislation independent of the government but doing so requires support from 10 members and, before any debate occurs, the draft must be referred to the government. The effect of which limits parliamentary agency over the government agenda.

Separation of powers

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Jordan's constitution enshrines judicial independence as part of its establishment of the separation of powers. The legal system is underpinned by the constitution and the 1951 Court Establishment Law, and is comprised of civil, criminal, religious and special courts. Personal status matters are handled by religious courts, whereas the special courts and tribunals adjudicate not only those issues concerning acting servicemen and women, but also civilians. They do so through laws against espionage, treason and terrorism.

The executive is able to encroach on the judiciary via the power of appointment. The chief justice of Jordan's highest court, the Supreme Court, is a royal appointment and, following the 2016 constitutional amendment, so too are all members of the Constitutional Court (article 58). Judges presiding over other courts (both civil and Shariah) in the kingdom are selected by the Judicial Council, whose chair is also appointed by the king. However, this is not to say that the judiciary is compromised in all areas of its activity. Direct interference remains isolated and, arguably, the most significant detriment is inefficiency, with the backlog of cases having increased.

In civil and criminal proceedings, appeals are possible through the Court of Appeals and Court of Cassation. This contrasts with decisions made in the special courts, where appeals are prohibited, and the only avenue for reprieve comes from the executive (the king and in some cases the prime minister).

It has proven rare for officeholders to be prosecuted for malpractice in Jordan. *Wasta*, which should not be confused with straight corruption (*mahsoubiyyah*), has a significant influence over social, political and business relations. An effect of which is to reduce procedural transparency.

While Jordan's existing laws prohibit corruption, bribery, laundering and extortion, implementation and government commitment to pursuing prosecutions has been successful in combating corruption. A number of cases emerged in 2018 which tested the government's resolve and the resources of the kingdom's Anti-Corruption Commission (JIACC). In particular, the so-called cigarettes case shed light on the existence of corrupt practices implicating senior public sector officials. The case involved the smuggling of equipment for the production of counterfeit cigarettes to several farm locations near Amman. Prime Minister Omar Razzaz, who described the scandal as "do-or-die" for his premiership, referred the matter to the state security court. The scandal is particularly pertinent because it was first uncovered in 2017 during the premiership of Hani al-Mulki, but it remains unclear as to what steps were taken to address it.

There have also been difficulties in prosecuting minor officials and state representatives such as police officers. Following the establishment of the Royal Committee for Developing the Judiciary and Enhancing the Rule of Law in 2016, changes were adopted in 2017 that limited pre-trial detention to a maximum of 18 months in the most serious cases. The intention was to address the state of arbitrary

Independent judiciary

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Prosecution of office abuse

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arrests and detentions in the kingdom. However, as Human Rights Watch has reported, these changes have frequently been ignored.

Civil rights for all citizens are laid down in the constitution. Article 6 stipulates that all Jordanians are equal before the law irrespective of religion or ethnicity. Meanwhile, Article 7 states that the personal freedom of citizens is guaranteed, with infringements on this freedom constituting a punishable offense. However, the implementation of laws safeguarding these rights has not met citizen expectations. For example, under Section 135 of the Labor Law, workers may only withhold their labor and strike if they give notice to their employer. Failing to do so can result in dismissal.

For Jordanians living with disabilities, there have been some positive developments in recent years. Law No. 20 of 2017, the Rights of Disabled Persons, which replaced its 2007 predecessor, enshrines a number of critically important rights, including the right to education, health care and protections against exclusions at work. Under the law, no education institution in the kingdom can exclude a person on the basis of a disability. In the event that accessibility to the premises is not sufficient, the law requires the Ministry of Education to offer alternatives. Similarly, each citizen is to be given an insurance card covering rehabilitation and medical services, not exclusive to surgery, hearing or visual aids, or ongoing treatments. Yet one of the persistent obstacles to greater integration and participation remains public awareness and acceptance. As Ahmad Awad of the Amman-based think tank, the Phenix Center, noted in December 2017, “there are policies in place, but they are not being implemented.”

Article 6 is silent on the issue of gender, and Jordanian women remain subject to a number of discriminatory practices that owe much to societal regulation and cultural norms. In Shariah courts, for example, which adjudicate personal status disputes, a woman’s testimony is not equal to that of a male co-national. Further, women are unable to transfer their citizenship to their children unlike their male co-citizens, meaning that children born to a Jordanian mother and non-Jordanian father do not automatically receive Jordanian citizenship.

Homosexuality, when understood as consensual same-sex activity is not illegal under existing law. However, in socioreligious terms, it remains stigmatized and individuals can be charged with disturbing public morality. A Pew Research Center poll in 2013 asked Jordanians as part of a global study whether homosexuality should be accepted as part of society, 97% of respondents replied that in the negative. In 2017, the Lebanese band Mashrou Leila, whose lead vocalist is openly gay, was banned for the second time from performing in Jordan. Since 2013, murder for the sake of family honor ceased being a legitimate defense for attacks on LGBT+ citizens. A compounding difficulty is that NGOs, both local and international, have trouble acquiring registration to operate advocacy and support services.

Civil rights

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4 | Stability of Democratic Institutions

The kingdom is officially a constitutional monarchy with delineated roles for the executive, legislature and judiciary. Elections at different levels exist (municipal, governorate, national), with new governorate councils elected in 2017. In practice, the delineation of roles between the three arms of government are more blurred than may be first suggested. Jordan's democratic institutions, including the parliament, exist within the context of a semi-authoritarian state, and a powerful executive capable of wielding influence over both the legislature and the judiciary to varying degrees. Inevitably this has an impact on institutional performance.

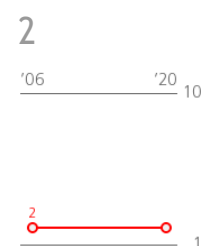
The capacity of the Chamber of Deputies to function as the crucible of democratic governance is impeded by four structural factors. First, while all deputies are directly elected, parliamentary seat distribution is not representational, with the three largest urban centers (Amman, Irbid and Zarqa) receiving less seats relative to population than smaller cities (e.g., Karak and Mafraq). Second, the prime minister is a royal appointment, not an appointee of either the parliament or the electorate. Although a constitutional amendment passed in 2011 stipulates that the king must consult the chamber, the appointment of Hani al-Mulki as prime minister in 2016 and his successor Omar Razzaz in 2018 demonstrates that this stipulation is more a guideline than rule.

Third, the incumbent government, which is hand-picked by the prime minister, does not have to derive its members from the chamber. Razzaz's current cabinet follows a well-established tradition in this regard. Fourth, legislation passed in the lower house, must be passed in the Senate, whose members are appointed by the king. Voters wield no institutionalized influence over the Senate, the upper house of the parliament, in which positions are given by the king. Improving the democratic character of institutions in Jordan will involve addressing each of these realities.

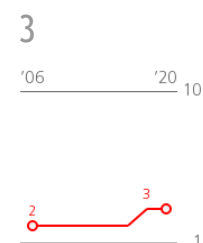
Extant democratic institutions and procedures are recognized as legitimate in Jordan by the major domestic stakeholders. However, questions remain as to what in practice functions they should hold, keeping in mind Jordan is a semi-authoritarian state. In particular, the king has, since before the uprisings of 2011, been a vocal advocate of the seemingly inevitable democratization of the country. Since 2011, he has published seven discussion papers, each of which detail the king's perspective of what a democratic Jordan could look like and the steps necessary to realize that perspective. In recent years, a number of political reforms have been enacted in this direction. New decentralization and municipalities laws were approved in 2015 (No. 41 and 49), which have devolved some powers from Amman to the governorate councils.

In the bureaucratic sphere, a new National Integrity and Anti-Corruption Strategy 2017 – 2025 was developed to enhance the transparency of government. Yet, the

Performance of democratic institutions



Commitment to democratic institutions



2018 “cigarettes scandal” illustrates that there is still room for improvement in implementing such strategies. There are additional reasons for concern with the commitment of relevant actors to democratic enhancement in Jordan. Though the twin laws of 2015 are an improvement, according to political scientist Janine Clark, they preclude the possibility of further decentralizing of decision-making to the municipal level. Instead, the governorate councils are reintegrated into the centralized status quo.

In 2014 and 2016, members of parliament appeared to commit to a radical devolving of parliamentary and ministerial authority by passing in a record short period of time, constitutional amendments that centralized decision-making over appointments in the king. In the past, appointing sensitive positions in the kingdom, including the chief of staff of the armed forces and the head of the General Intelligence Directorate (GID), required a ministerial or prime ministerial countersignature. More often than not, this requirement constituted a procedural “rubber stamp,” but nevertheless provided a space for the possibility of accountability.

5 | Political and Social Integration

The history of Jordan’s system of political parties in the contemporary era begins with their legalization in 1992 after more than 20 years of martial rule. Jordan’s parties do not possess the bureaucratic structures necessary to aggregate societal interests in the form of policy platforms, and it has proven difficult for parties to develop wide and deep social roots.

Subsequently, all parties to varying degrees struggle to gain traction with the electorate, beyond kinship and personal associations. This is reflected in election results since 1993. Another indication of party weakness is the trend for parliamentarians to form parliamentary blocs as a means of collective action, as opposed to party structures. Moreover, this underscores a further point of concern: the fragmentation of the party system, with very few inter-party coalitions sustained over several years.

Yet, poor party representation is not just a matter of internal organization, but simultaneously one of wider structure. It is true that the single non-transferable vote (SNTV) was rescinded in 2016 and a new system of multiple votes within closed lists was instituted to replace it. However, the nature of closed lists being organized around the number of candidates rather than party structures is one reason parties did not run as parties but as blocs during the 2016 campaign.

A further structural restriction to party capacity is the enduring practice of gerrymandering. Put simply, more parliamentary seats are allocated per capita outside of the three largest urban zones (Amman, Irbid and al-Zarqa), than within them. Political expediency and regime security take precedence over party advancement.

Party system

3

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Associations and interest collectives have a rich history in Jordan. As a sphere, this part of civil society includes trade unions and professional syndicates, among others. With regard to unions there are two streams, the official (and state-sanctioned) on the one hand and independent (not recognized by the state) on the other. This complicates the ability for organized labor to mobilize to advance working conditions because the official unions, generally, do not push too hard in order to avoid potential repercussions, whereas the independent unions while being able to push hard in negotiations and strike action, cannot be as influential because of their illegal status.

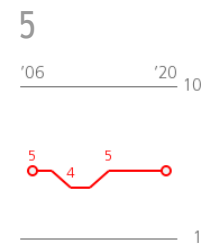
Because of the deficiencies in parliamentary politics discussed above, elections within the professional syndicates have historically been a key site of sustained competition in campaigning. Jordan's engineers, doctors, teachers and lawyers are often influential in policymaking owing to their ability to critique the government's agenda. Perhaps because of this, broad cooperation between syndicates is issue reliant and therefore inconsistent.

Further, there is a history of youth activism in Jordan, with the diverse Hiraq al-Sha'abi, Jayeen and Shaghaf. Yet outside of a small window of success in 2011 and, arguably, 2018, there are few tangible political outcomes that have been achieved through street-based activism and mobilization.

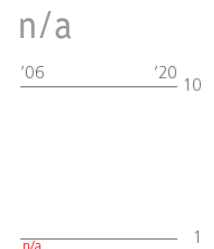
It is crucial to note that there is no established democratic norms and practices in Jordan comparable to those observed in a recognized democracy. In addition, there is little consensus as to what democracy means or would mean if applied as desired in a Jordanian context. As both the academic literature, and opinion polling for the World Values Survey, Pew Research Center and the Arab Transformations Project (ATP) highlight, what precisely constitutes democracy, and therefore democratic institutions and processes, aside from free and fair elections, remains vague. Putting this caveat aside, the ATP, which has conducted surveys in Jordan and a number of other Arab states, found that democracy was perceived to be a better system than its alternatives. Further, comparing data from 2011 with data collected in 2014, there was a 14-percentage point increase in support for democracy from 76% to 90%. However, over the same period, the proportion of Jordanians who strongly agreed with democracy decreased to a little over one-fifth of those surveyed.

Such numbers reveal a degree of uncertainty and diversity of opinion as to what, if Jordan were to become democratic, democratic institutions would look like. Almost one-fifth of the surveyed population supported the idea of a parliamentary system in which only Islamic parties could campaign. A similar number showed support for authoritarian governance while 38% believed an Islamic authority would be acceptable. In turn, this underscores the reality that there is little consensus on what Jordanian democracy would look like from the perspective of citizens.

Interest groups



Approval of democracy



Inter-citizen social capital in Jordan is to be found primarily (but not exclusively) within kinship-oriented associations. This is despite the fact that there are a broad array of local and international civil society organizations active in the kingdom at any one time. These include those associated with the royal family (e.g., the King Abdullah Fund for Development, KAFD) and millennial organizations (e.g., I-DARE for Sustainable Development). Jordanians generally feel very secure in their local communities. The third Arab Barometer Survey from 2014 found that 91% of Jordanians surveyed respondents said they felt secure or highly secure. These findings are corroborated in the 2018 Gallup Law and Order study in which Jordan was listed as the second safest country in the Arab world and 22nd globally.

However, the existence of social organizations and citizen safety data cannot be equated with the existence of widespread public support based on social capital. The ArabTrans project records that only 31.7% of survey respondents said they trusted civil society organizations; indicative of the skepticism held by many Jordanians about the perceived political motives of civil society organizations.

II. Economic Transformation

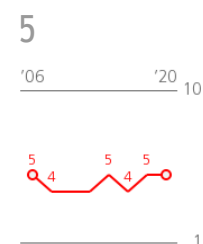
6 | Level of Socioeconomic Development

Poverty and inequality remain stubborn problems for Jordanian public policy, although at the time of writing no official up-to-date statistics for the present period had been released. Yet, a report from the World Food Program (WFP) in August 2018 stated that more than 14% of the population live below the poverty line, with 13% of households nationwide considered vulnerable to food insecurity.

The necessity for action has been reflected in the legislature. The parliament approved in 2018 a government-sponsored bill to increase funds available to the National Aid Fund (NAF), raising its budget by JOD 50 million in 2019, with another increase of JOD 50 million expected in 2020; almost doubling its current budget. Drafted with assistance from the World Bank, the funding increase is part of a strategy developed by the Ministry of Social Development and Ministry of Planning to improve social protections and reduce poverty. To this end, the target recipients of the NAF, which currently stands at 92,000 families, were approved for expansion by the cabinet. Under the strategy, 85,000 new families will be picked up by the fund's operations between 2019 and 2021.

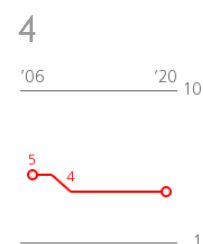
In recent years, the kingdom has had mixed results in the Human Development Index (HDI), a composite measurement of educational attainment, life expectancy and per capita income statistics. Despite numerous poverty reduction strategies, Jordan's

Social capital



Question Score

Socioeconomic barriers



score regressed between 2014 and 2017 from 0.748 to 0.735. Its rank has correspondingly decreased from 80 to 95, a position it shares with Tunisia, placing the kingdom in the “high human development category.” There remains room for improvement with regards to gender equality of opportunity however, with the UNDP giving Jordan a Gender Inequality Index (GII) score of 0.460, equating to a rank of 108 out of 160 countries included in the index.

These statistics serve to support public sentiment concerning inequality between citizens. A 2018 survey conducted by Amman-based Center for Strategic Studies (CSS) found that the percentage of Jordanians with the perception that equality does not exist in the kingdom increased between 1999 and 2018 from 13% to 30%. These findings were further reflected in a NAMA Strategic Intelligence Solutions study, which in the same year reported that only 7% of Jordanians surveyed believed that equality exists to a great extent. These statistics become more pronounced the further one travels from the capital Amman. In the southern governorates of Aqaba, Tafileh, Ma’an and Karak, 48% of respondents said that equality did not exist, followed by 30% their polled compatriots in the northern governorates (Irbid, Ajloun, Mafraq and Jerash). In the central governorates (Zarqa, Madaba and the Greater Amman Municipality), this percentage was marginally lower at 27%.

Economic indicators		2015	2016	2017	2018
GDP	\$ M	37969.0	39252.5	40765.9	42290.8
GDP growth	%	2.4	2.0	2.1	1.9
Inflation (CPI)	%	-0.9	-0.8	3.3	4.5
Unemployment	%	13.1	15.3	14.9	15.0
Foreign direct investment	% of GDP	4.2	4.0	5.0	2.2
Export growth	%	-7.6	-6.6	5.3	5.3
Import growth	%	-7.6	-7.2	5.7	-0.8
Current account balance	\$ M	-3405.8	-3689.0	-4301.3	-2849.9
Public debt	% of GDP	92.4	93.8	94.4	94.4
External debt	\$ M	25738.7	27239.0	30151.0	32044.5
Total debt service	\$ M	2125.2	2465.4	1886.3	2263.7

Economic indicators		2015	2016	2017	2018
Net lending/borrowing	% of GDP	-3.4	-3.2	-2.6	-
Tax revenue	% of GDP	15.2	15.3	15.0	-
Government consumption	% of GDP	16.1	15.6	15.5	15.5
Public education spending	% of GDP	-	3.9	3.6	-
Public health spending	% of GDP	3.6	3.5	-	-
R&D expenditure	% of GDP	-	0.7	-	-
Military expenditure	% of GDP	4.3	4.6	4.8	4.7

Sources (as of December 2019): 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

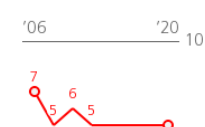
Since Abdullah II's ascension to the throne, economic reform along market lines has been central to macroeconomic policy. Yet with government expenditures above 30% of GDP in 2018, despite a gross national saving of 9.1% of GDP in 2017, and an approved budget for 2019 of \$13 billion, government interference in the economy will remain a key economic driver. The Jordanian dinar is pegged to the U.S. dollar and is convertible on international markets. Investors may repatriate invested capital, salaries paid to non-Jordanian employees and project profits.

Jordan is a member of the Multilateral Investment Guarantee Agency (MIGA) and foreign ownership is permitted in all sectors except for those deemed to be of a sensitive nature, such as the military. Recent changes have been adopted reducing the requirement of local ownership in a number of areas. Activities requiring up to 50% of ownership to be local now include maritime maintenance, while activities that require 51% of ownership to be Jordanian include television broadcasting.

Jordan registered a score of 60.98 and ranked 104 out of 190 countries in the World Bank's Doing Business report 2019. Its score is higher than the regional average of 58.30 and marks an improvement in relation to its 2018 score of 59.56. This is the result of a number of improvements identified by the World Bank, particularly in the areas of credit access, minority investor protections, taxation and enforcement of contracts. According to the most recent Doing Business report from the World Bank, it takes 12.5 days to establish a business and procedures consisting of seven distinct phases, while costs have increased from 20.6% of GNI per capita in 2017 to 24.2% of GNI per capita. In the "starting a business" sub-category within the 2019 World Bank ranking, Jordan scored 84.43 out of 100 and ranked 106 out of 190 countries. Jordan's position in the IMD World Competitiveness Rankings increased four places

Market
organization

5



1

from 56 in 2017 to 52 in 2018. The kingdom's linkages within the global economy are therefore not in dispute.

The extent to which the local economy and employment is reliant on informal sectors is difficult to gauge in the absence of concrete statistics. A 2010 estimate from the government suggested that 44% of employed Jordanians worked in small- to medium-sized enterprises (SMEs), which are not subject to tax. An IMF report in 2017 meanwhile stipulated that the informal sector accounts for up to 26% of the domestic economy. The informal sector has changed in a number of ways as a result of the presence of the Syrian refugee population, which have been given new working opportunities.

Jordan introduced a competition law in 2002, which received final approval in 2004, and is a member of the International Competition Network (ICN). The state remains active in sustaining subsidies and price fixing arrangements, although these have become increasingly diminished.

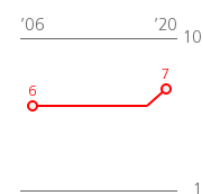
The state has been the driving force for opening the local market to foreign competition and success in this endeavor can be seen in sectors such as telecommunications. In the telecommunications sector, the three biggest providers (Zain, Orange and Umniah) each enjoy more than 30% of the market share, while still providing space for comparatively smaller companies (e.g., Virgin Mobile MEA) to enter and operate. In 2018, the expansion of the 4G network became a major race, and with the development and network upgrades for 5G approaching, this will continue to facilitate competition.

Energy is another area where state-led competition has produced decisive results. Since 2014, when Jordan received assistance from the European Bank for Reconstruction and Development (EBRD) to build its first solar photovoltaic plant, competition between firms has resulted in an 85% reduction in prices for renewable energy. Extracting oil from oil shale reserves is another area where competition is set to produce dividends, with Saudi Arabian Oil Shale Company beginning the exploitation of 30,000 barrels of oil per day in 2019, to be joined in 2022 by Royal Dutch Shell Plc.

Jordanian competition policy has some weaknesses, especially with regard to the limitations of capacity-building concerning the Competition Directorate, the authority entrusted with implementing the Competition Law, and institutional cooperation with other regulatory authorities.

Competition policy

7



1

Success in opening sectors to competition is evidence of a degree of support for the liberalized trade regime. In the most recent edition of the Globalization Index by the KOF Swiss Economic Institute awarded Jordan a globalization score of 72.94, where globalization is understood as a process “that erodes national boundaries, integrates national economies, cultures, technologies and governance, and produces complex relations of mutual interdependence.” This figure positions Jordan above the global average of 58.35.

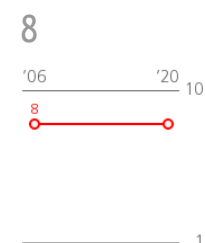
Participation from and engagement by the international community is central to Jordan’s Economic Growth Plan 2018 – 2022 (JEGP), which aims to align government policy with the Vision 2025 objectives for economic development. As such, it focuses on strategic sectors including tourism, information and communications technology (ICT), and energy. To better facilitate foreign direct investment (FDI), the government of Hani al-Mulki created a new Ministry for Investment Affairs and offered the minister in charge the presidency of the Jordan Investment Commission in 2017.

Jordan is a member of the WTO and complies with its tariff statutes. Its most recent (2017) MFN applied tariff is 9.9%. Import tariffs are still applied to a range of products, and range between 0% and 30% on the basis of the Cost, Insurance and Freight (CIF) value. A key exception is on tobacco and alcoholic products, which attract tariffs ranging between 50% and 180%. Additionally, Jordan also charges a general sales tax on imported items, with some imported goods (notably passenger vehicles) subject to supplementary taxation of 10% to 50%. Some regional partners, and importers from the GCC or the Arab Free Trade Area may be exempt from various tariff barriers. Non-tariff barriers to trade, such as the requirement to obtain import licenses, remain in place for specific goods, such as all varieties of biscuit, milk and other products requiring special committee inspection, and mineral water. Products imported into the Special Economic Zones may be exempt.

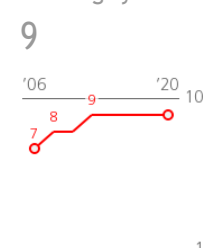
The kingdom is a party to the Agadir Agreement, and has negotiated free trade agreements (FTA) with a number of partners including the United States, European Union, Singapore, Canada, the United Arab Emirates, Morocco, Egypt and Bahrain. In November 2018, Jordan terminated its FTA with Turkey after Ankara refused to adopt rules of origin congruent with those established under the Jordan-EU FTA.

Banking is among Jordan’s most important and strongest performing sectors. The sector has demonstrated its resilience with its performance and stability since the Global Financial Crisis (GFC) of 2008. By the end of 2018, the central bank of Jordan had moved further toward providing a complete framework for the full implementation of Basel III regulation. It has issued a regulatory capital framework, modifying the terms of leverage ratio and regulatory capital. Banks in Jordan are now asked to sustain a capital conservation buffer of 2.5%, in addition to 2.5% for a countercyclical capital buffer. As of the beginning of 2019, the central bank had yet

Liberalization of foreign trade



Banking system



to release a Basel III compliant liquidity regulatory framework for domestically systematic important banks (DSIBs).

The 2019 Doing Business report from the World Bank gave Jordan a getting credit score of 35 and a corresponding rank of 134. Although an improvement on the last assessment (in which Jordan ranked 185), it remains below the regional average of 36, leaving room for improvement. Banking is, however, a sector in which successive governments have sought consistency in policy and so there are reasons to be optimistic regarding further advances. Governments have had solid working relations with the central bank and heed advice on legislation pertaining to improving the operational environment. Data from the IMF notes that the percentage of non-performing loans has continued to decrease from a high of 4.195% in 2015 to 3.742% in 2017.

8 | Monetary and fiscal stability

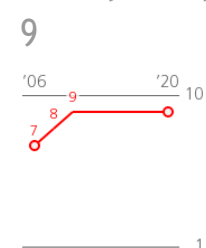
Pegged to the U.S. dollar, the Jordanian dinar enjoys stable conversion on the market, with JOD 1 buying \$0.71. While this has implications for citizen's costs of living, it does make the currency one of the more valuable in the MENA region. The central bank, currently under the direction of Governor Ziad Fariz, operates independently and the bank's foreign currency reserves have gradually increased to more than \$13.4 billion. Jordan's inflation (CPI) rate has fluctuated in recent decades with spikes in 1989 (25.71%) and 2008 (13.97%). The Department of Statistics reported that inflation ranged in 2018 between a low of 3.0% and a high of 5.7%. Worrying indicators, however, exist as debt (public and private) as well as the state of the budget deficit will continue to plague policymakers in 2019 and beyond.

Historically, the Jordanian economy developed a semi-rentier characteristic, with a large public sector compared with its private counterpart. This has made structural reform difficult as governments seeking reform have had to balance structural alteration with public expectations. Reliance on energy imports remain a significant impediment on the budget. However, investments in renewable energy production and shale oil extraction will reduce this constraint over time, while also reducing the cost of energy, which in the past has reduced foreign investor confidence.

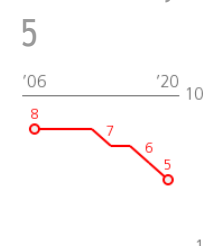
Since 2012, Jordan has hosted over one million Syrian refugees who (sharing the same resources as Jordanian citizens) have entered into budgetary considerations, costing in excess of 16% of the annual budget. To this end, the kingdom updated its Jordan Response Plan 2018 – 2020. This plan, however, suffers from the aid shortfalls carried over from its predecessors. For example, by the end of October 2017, only 42% of the UNHCR's appeal for Syrians residing in Jordan had been met.

The country therefore has fiscal vulnerabilities that are long-term and, unsurprisingly, this is reflected in its fiscal statistics. Its current account balance recorded a deficit of

Monetary stability



Fiscal stability



\$1.2 billion in June 2018, an increase on the \$893.4 million deficit in the preceding quarter. External debt meanwhile remains persistently high, increasing by more than JOD 7.8 million in early 2018 and reaching JOD 11.87 billion or 41.4% of GDP. In tandem, Jordan's public debt reached 95.3% of GDP in 2017.

9 | Private Property

The regulation and protection of private property rights is established in law, and supported by Jordan's signatory status to both the Paris Convention for the Protection of Industrial Property and the World Intellectual Property Organization. Jordan has made strong advances in guaranteeing private property, with its legal framework consistent with international standards for copyrights, phonographs and performances. Analogously, Jordanian law is consistent with Trade Related Aspects of Intellectual Property Rights (TRIPS), securing trade secrets and semiconductor chip designs among other facets of intellectual property.

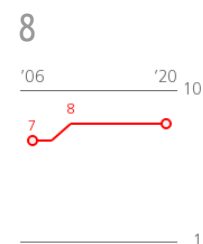
In 2018, the International Property Rights Index (IPRI), which assesses the in-country institutions of property rights, ranked Jordan 5 out of 18 MENA countries (up from rank 8), and 42 out of 128 countries globally (up from 45). The most recent (2016 scores) Freedom of the World report by the Fraser Institute similarly demonstrates a degree of stability in Jordan's private property legislative regime, with a score of 4.76 for the kingdom's legal system and property rights. This is equal to 2015 and marginally lower than in 2010. Jordan's scores in this area have thus remained stable overall.

Discrimination occurs in the inheritance rights of women. According to a 2017 study of Myriam Ababsa, only one-quarter of Jordanian women receive their full entitled inheritance due to patriarchal social norms.

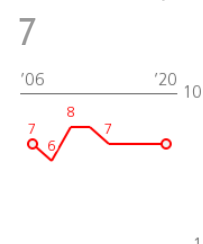
Since his ascension, King Abdullah II has made growth of the domestic private sector a key pillar of his reign, and future expansion is understood by all main policymakers and stakeholders to be critical to Jordan's future economic stability and advancement.

Thus, it has been under Abdullah II that Jordan has seen the most expansive series of privatization schemes in the country's history, including the privatization of Royal Jordanian (2007), Jordan Telecom (2000), Aqaba Railway Company and the Jordan Phosphates Mines Company (2006). The privatization of Jordan Phosphates Mines Company, unlike privatization within the telecommunications sector, has been met with widespread skepticism and anger over the lack of consultation and transparency. As recently as 2018, demonstrators in Ma'an in a protest against the sitting government chanted "where is Kurdi?" This was a reference to Abdallah II's uncle in-law who was sentenced to jail for a term of 37 years for embezzlement during his chairmanship of the Jordan Phosphates Mines Company, but who fled the country

Property rights



Private enterprise



and remains at large. Consequently, there remains widespread public discontent with the sometimes inept approach adopted by governments to the selling of public assets.

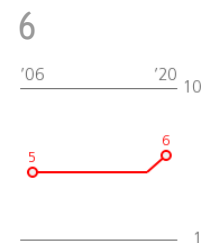
Protection of private enterprise is established in the constitution. Article 11 asserts that “no property of any person may be expropriated,” except in cases where public utility demands it and a “just compensation” is provided. Derived from this, private companies are protected under a series of laws, including the Jordanian Companies Law of 1997 (which was amended most recently in 2017), the Investment Law of 2014 and the Public Private Partnership Law of 2014. Further, foreign investors may seek external third-party arbitration for dispute settlement under WTO statutes. Such protections are necessary to stimulate growth from domestic and international actors. A recent example of collaboration involves the Jordanian Action for the Development of Enterprises (JADE), a three-year project co-funded by the European Union. JADE provides development assistance to SMEs and startups in the kingdom and signed a Memorandum of Understanding (MoU) with five start-up incubators and six business associations state-wide in March 2018. The MoU aims to further the development of the participants to advance “an inclusive and innovative” private sector.

10 | Welfare Regime

Jordan possesses a social safety-net system, which provides services to citizens and non-citizens alike, and is comprised of various local and international service providers. It is important to note that strong familial, clan and tribal networks also provide informal safety-nets for those Jordanians able to access them. The state is the largest provider and therefore carries the greatest financial burden. The Jordanian military has a separate system of schemes for active and veteran servicemen and women, which includes health care, pensions and education; the benefits of which can be distributed beyond the individual to their families. Critical supportive work is undertaken by the non-government sector, such as religious charities, UNRWA in the Palestinian refugee camps and UNHCR servicing the Syrian refugee population.

Insurance schemes for employees in the formal sector have existed for some time and are supplied by both public and private providers. The 2015 census recorded that 68% of nationals and 55% of the total population were covered by some form of insurance. By August 2018, the percentage of Jordanians covered had increased to 74%. For those employed in the informal economy, the state Social Security Corporation (SSC), whose actuarial status has been guaranteed until 2055, provides a modicum of social security and health insurance. In 2018, Health Minister Mahmoud Sheyyab released details of a new five-year development and funding plan to boost the quality of health care provision kingdom-wide. Worth JOD 602 million, the plan comprises 131 projects across seven facets of health care provision: insurance, pharmaceuticals, reliability, electronic health recording, quality control, and primary and secondary health care.

Social safety nets



Since 2012, Jordan has hosted refugees fleeing the civil war in Syria. According to the UNHCR, the number of Syrian refugees in Jordan was 671,551 in early 2019. The majority of Jordan's Syrian refugee population (545,542) reside outside of the established refugee camps, and therefore make claims on the public health care system. Initially, refugees registered with the UNHCR could access public health care facilities for free and then at a subsidized cost similar with non-insured Jordanian citizens. However, as a consequence of budgetary constraints, this subsidy ended in 2018. This has created a substantial cost barrier for refugees. For example, a regular hospital birth when subsidized would cost JOD 60, but – following the cancellation of the subsidy scheme – increased to JOD 240.

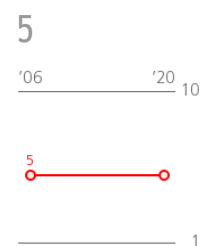
Subsequently, the non-government and aid sectors, which have been active in Jordan for decades, especially since the Palestinian Nakba of 1948, continue to perform a crucial role in the providing health care services. A 2016 report noted that, whereas 73% of citizens chose public hospitals when in need of care, 44% of Syrians who needed care attended public hospitals. Interestingly, the percentage of both citizens and Syrians who accessed private clinics was similar at around 19%. This suggests that many Syrians are unable to access care when needed, which will have negative longer-term implications on public health outcomes both in Jordan and in Syria, should members of the displaced population return home.

In January 2018, the government of Hani al-Mulki announced the cancellation of bread subsidies. Consequently, the price of a kilogram of khubz al-Arabi (pita bread) rose by 60% from JOD 0.25 to JOD 0.40, saving the budget JOD 50 million (\$70 million) per annum. Owing to the material and symbolic significance of bread to Jordanians of all classes, the announcement was made simultaneously with another declaring that cash transfers would be made to mitigate the negative impact on poorer citizens.

Jordan is exposed to similar socioeconomic pressures as its regional neighbors and has to bear with not insignificant corresponding disparities, as the middle class continues to feel squeezed by worsening local conditions. There is no legislated discrimination of religious minorities or citizens regardless of origin in either education or the employment sectors. This is reflected in the high literacy rates among Jordanians. The overall literacy rate is 95.4%, 97.7% among Jordanian men and 92.9% among Jordanian women. In contrast, the kingdom has one of the lowest rates of female workforce participation, 14.0% in 2018, well below the world average of 48.5%.

More informal discrimination occurs in a number of areas. In the public sector, especially in the security apparatus and upper levels of the military, Jordanians of Palestinian origin struggle for equal opportunity. This is in part, the result of a post-1970/1971 civil war settlement, which led to a de-Palestinianization of the public sector. The corollary of this is that Jordanians of Palestinian origin came to dominate the private sector, in which small- to medium-sized enterprises (SMEs) are prevalent.

Equal opportunity



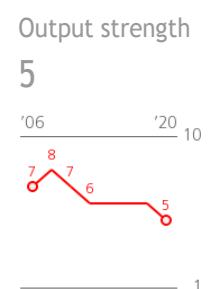
SMEs, which often staff family or kin associations, are a window into two interconnected realities. First, the economic importance of direct and extended familial networks to individual Jordanians as a means of overcoming challenges in their immediate employment environment. Second, they reveal a structural impediment to opportunity for many university-educated citizens: limitations in the local economy as a consequence of poor planning and management over decades. This was a point made in 2018 by Endeavor Jordan, an entrepreneurial and strategy network, whose analysis suggests that while Jordan has talent, its “economic ecosystem” is not sufficiently sophisticated.

Within the informal economy, as well as the agricultural and manufacturing (particularly in the Special Economic Zones) sectors, a substantial number of non-nationals are employed. Cases of labor abuse and unsafe work conditions have been reported. A 2017 U.S. government State Department report on human trafficking said that while Jordan remains categorized as a Tier II country, in that it does not meet all of the minimum standards for the elimination of human trafficking, it is taking important steps to do so. In June 2018, Jordan Labor Watch criticized a campaign against illegal workers led by the Ministry of Labor, which advocates claimed excessively targeted employee status. In the first half of 2018, 3,975 migrant workers were deported following inspections across the governorates. Over the same period, 2,400 violations of the labor law were uncovered.

11 | Economic Performance

Semi-rentierism still defines the Jordanian economy, with its reliance on external aid, grants and loans to service its public debt and keep the functions of government in operation. Notwithstanding this, the economy remains one of the most stable in the region, despite it coming close to insolvency in 2016. Public debt remains high, despite some meaningful policy moves to tighten spending, such as the removal of subsidies on bread in early 2018. By mid-2018, public debt had dropped as a percentage of GDP by 0.1 percentage point to 95.8%, down from 95.9% at the same time in 2017.

However, the government cannot enjoy complete savings from this measure as a concomitant package of cash support of JOD 155 million was announced to ease the burden of price increases. A major constraint on further savings in 2018 also came from the government guaranteeing the debts of both the National Electricity Power Company (NEPCO) and the Water Authority of Jordan (WAJ), which carry a combined debt worth JOD 7.3 billion. Borrowing is necessary for the financing of Jordan’s debt, with the government requesting in excess of JOD 785 million in loans for the 2018/2019 financial year. According to the State Budget Law of 2018, revenues accrued domestically stood at JOD 8.496 billion, an improvement on the JOD 7.715 billion, recalculated for the previous year. Fragile gains have however



been spent on servicing unsustainable current and capital expenditures of JOD 7.886 billion and JOD 1.153 billion, respectively.

Although there have been some considerable successes in stimulating employment growth within the private sector, more inclusive growth to support employment opportunities is needed. This requirement is reflected in unemployment, which at the end of 2018 officially stood at 18.6%, according to the Department of Statistics (DoS), an increase of 0.1% on the same period in 2017. Within this, the unemployment rate for Jordanian men increased 0.9 percentage points to 16.3%, while for their female co-nationals it decreased 2.8 percentage points to 27.1%. In a worrying sign, the unemployment rates for Jordanians with a tertiary education (bachelor or postgraduate) in 2018 was in excess of 28.1% for male and 80.1% for female graduates. Correspondingly, dependency ratios across age groups in Jordan remain high.

12 | Sustainability

Environmental concerns have been with Jordan since its foundation last century, with desertification, water, energy, waste management and biodiversity loss constituting the kingdom's primary environmental challenges. However, unless articulated in economic terms, environmental concerns have often not been heeded.

The eco-tourism sector continues to grow and flourish with the number of sites managed by the Royal Society for the Conservation of Nature (RSCN) increasing from six in 2006 to 11 by 2016. This has been accompanied by an increase in national and international visitors from 111,157 to 141,847 over the same period.

Jordan is one of the driest countries on earth with only 4% of its landmass arable and suitable for agriculture. Annual per capita water availability has declined from 3,600 cubic meters per year in 1946 to 145 cubic meters per year in 2008, below the international water poverty line of 500 cubic meters per year (UNDP). Renewable water resources remain poor at less than 130 cubic meters per capita in 2010. While this is changing, the UNDP warns that if serious steps are not taken to address water scarcity, the availability of water per person may dissipate further to 90 cubic meters per annum by 2025.

Subsequently, successive governments have had to combat extensive water-theft, with specialist teams from the Ministry of Water and Irrigation in conjunction with security forces, preventing more than 36,661 violations between 2013 and 2018; saving 120 million cubic meters of water in the process. In terms of water management policy this has been a major success for Jordan. Further work is required in recycling water and managing existing resources including the Aqaba desalination plant which opened in 2017.

Environmental
policy

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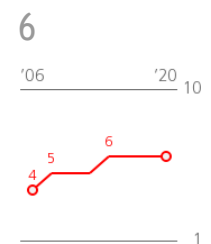
In 2013, Jordan signed an MoU with Israel and Palestine to build the Red Sea to Dead Sea Water Conveyance Project. When complete the project will not only bolster the dwindling water levels of the Dead Sea, but will provide further desalination facilities closer to Jordan's population densities in the north of the country. Implementation has been delayed as a consequence of political tensions, rendering questionable the proposed completion date of 2021.

Education is an area where Jordan has historically excelled in comparison to other states in the MENA region, with high literacy rates (the illiteracy rate was recorded at 5.2% in 2017), and high school enrollment rates for both male and female citizens. Female Jordanians can expect 13.4 years of schooling, compared with 12.9 for their male co-nationals. Educational institutions (e.g., schools, universities and technical colleges) are overseen by two ministries: the Ministry of Education, which is responsible for primary, secondary and vocational schools; and the Ministry of Higher Education and Scientific Research, which oversees tertiary institutions. Although Jordan's score in the U.N. Education Index remained unchanged between 2016 and 2017 at 7.11. UNESCO reports that 11.75% of government expenditure, equating to 3.6% of GDP, was spent on educational initiatives in 2017. However, it is important to recognize that Jordan receives additional international assistance for educational reform. From 2002 to 2014, USAID invested \$458 million into furthering education in the kingdom.

Hence, significant investments are made into improving outcomes for students. Yet challenges exist in preparing young Jordanians for employment in the 21st century, specifically in reforming the system to prepare students for work in the knowledge economy. For the better part of a century, the educational approach in the kingdom has focused on rote-learning as opposed to the teaching of critical skills, which are increasingly important in a 21st century economy. For example, in relation to vocational education, the Oxford Business Group notes that demand for technical and practical skills in the market are not being met by the tertiary education sector. As a result, Jordan has relied on international expertise for R&D. Additionally, there is a growing divergence between the quality of education offered at public and private schools, with the latter considerably more expensive but generally performing better in terms of outcomes.

Jordan and the World Bank collaborated on the Second Education Reform for the Knowledge Economy program (2011 – 2016), which aimed to better prepare secondary students for university and employment. Out of this project, 624 new classrooms, and 13 ICT and 34 science labs were constructed. Furthermore, 85% of Jordan's schools have internet connectivity. The necessity for further pedagogical advances and improvements to the curriculum was demonstrated in the 2015 Trends in International Maths and Science Study (TIMSS) in which Jordan's score fell by 20 points in math and 23 in science compared to the last scores recorded in 2011.

Education policy /
R&D



Governance

I. Level of Difficulty

Jordan is subject to numerous structural constraints as a consequence of its geography and geopolitical situation. Bordering Israel to the west, Iraq to the east, Saudi Arabia to the south and Syria to the north, the kingdom is subject to push-and-pull factors emanating from its relations with each of these states. It remains dependent on imports to meet its growing energy consumption needs, despite commendable recent advances in developing its own renewable energy infrastructure. In January 2019, Jordan and Saudi Arabia approved a feasibility study exploring the possibility of connecting their power grids to share energy. Construction is due to begin in 2022 of a 170-kilometer link joining East Amman with Qurayyat in Saudi Arabia.

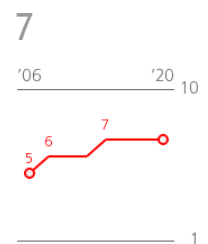
Furthermore, Jordan suffers from the risk of desertification, with over 75% of the country classified as either arid or semi-arid. The rapid increase in the population residing in the kingdom has placed unprecedented pressure on ground and surface water resources.

Some of this is the result of unforeseeable events, namely the presence of over 671,551 registered Syrian refugees within Jordan, utilizing water resources alongside the citizen population. In light of this, Jordan's water infrastructure requires significant upgrades to reduce wastage from leaks while in transit. Simultaneously, Jordan periodically experiences severe flash-flooding, most recently in November 2018. Affecting the Wala and Petra regions, these flash floods resulted in the deaths of 21 people, including school children. Both ministers of education and tourism, Azmi Mahafza and Lina Annab, resigned in the wake of the tragedy.

Jordan's education system has served it well since the 1970s. However, it is now under pressure to produce graduates who are ready for the challenges and opportunities of the 21st century workplace. In particular, school and university curricula need to be more responsive to market needs.

Compounding this reality, the domestic private sector is unable to generate sufficient employment opportunities for the number of graduates entering the job market each year. Consequently, Jordan is experiencing an induced brain drain, as talented graduates look abroad for opportunities. For investors, this is troubling as the availability of skilled employees with industry specific skills and language proficiency has been called into question.

Structural
constraints



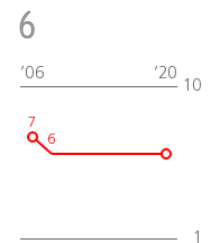
Jordan does not suffer from a shortage of civil society organizations (CSOs), with CSOs covering a broad spectrum of areas. However, a tradition of civic culture underlining citizen participation in such organizations remains limited and weak for both formal and informal reasons. Concerning the former, revenues – both foreign and domestic in origin – are controlled by state intermediaries, which naturally shape the operations of receiving organizations. CSOs regularly focus their operational attention on outcomes achievable within the lifetime of a given funding grant, instead of utilizing the available funding to advance the more intangible elements of social capital in their communities. With regards to the latter, Jordan’s civil society tradition is weak because of the way social trust and capital is informally distilled. Social trust is fostered primarily through kinship networks rather than through more abstract citizen-to-citizen interactions within civil society.

Participation in civil society often coalesces around access to state and international resources for the benefit of constituents. This access is improved if the individual is part of a kinship network that is well positioned to acquire such resources. This is applicable for political parties as well as CSOs. Having said this, there are reasons for some optimism as young Jordanians, who constitute the vast majority of the population, continue to dedicate time to CSOs with greater long-term transformative foci, including I-Dare for Sustainable Development.

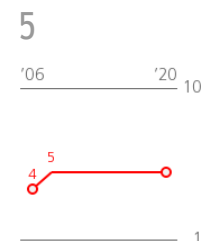
Ongoing regional turmoil has not ruptured the cohesion of Jordanian society, which has become more complex as a result of regional conditions. Yet, there are well established and recognized points of friction between tribal and non-tribal populations, Jordanians of East Bank and Palestinian origins, Muslim and non-Muslim adherents, and citizens and non-citizens (Palestinian, Iraqi, Sudanese and Syrian refugee populations). Divisions between “secular” and “religious” currents are a source of tension in terms of policy and social integration, especially after the murder of intellectual Nahed Hatter in 2016.

Increasingly, wealth disparities have risen to the fore as Jordan’s economic performance continues to underwhelm its citizens and their expectations. Bank robberies, which are rare in Jordan, increased in 2018, with a number of high-profile cases, which many blame on government policies impoverishing some citizens. Further, demonstrations over the economic policies of successive governments, which shook the kingdom in May and June 2018, led to the resignation of Prime Minister Hani al-Mulki. While not violent, these protests indicate that disparities in wealth and opportunities will become drivers of public mobilization in the coming years.

Civil society traditions



Conflict intensity



II. Governance Performance

14 | Steering Capability

Governments in and of themselves do not possess the unilateral capability to design and implement policies concerned with strategic priorities. Such priorities are determined chiefly by the agencies of the king and the royal court, with the prime minister having a role dependent more on personality than formal institutional capacity. Since his ascension, Abdallah II has been active in setting policy agendas, especially with regards to the economic trajectory of the kingdom. He remains Jordan's most significant advocate of market reform. The transition toward a more market-oriented economy has been designed and funded by international actors, notably the IMF and World Bank. Financial support from abroad has enabled Jordan to shoulder its debt burden, which remains unsustainable at more than 95% of GDP.

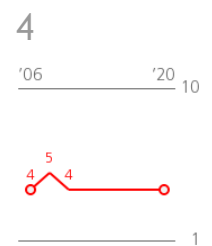
By extension, economic policies have had to address expectations and conditions held by actors other than citizens. Questions have been raised with considerable frequency since 2011, as to whether the public at large has been left behind. The demonstrations that erupted in May to June 2018 are illustrative of the extent of citizen discontent. Despite installing a new prime minister, Omar Razzaz, protests have continued since then, spiking in December 2018 after the parliament passed a new domestic tax bill, which had been publicly backed by the IMF.

In the past, Jordan's political status quo was buttressed by the military and security forces. Along with the predominately East Bank communities from which they come, these actors benefited from the distribution of rent resources under the kingdom's semi-rentier authoritarian bargain. Under Abdallah II, this has undergone something of a transformation, as domestic business, and market-oriented individuals and networks have increased in significance in Hashemite calculations. The socioeconomic foundations of Hashemite stability are shifting. Subsequently, forces for reform either side of the status quo are more likely to emerge from informal channels than their formal equivalents.

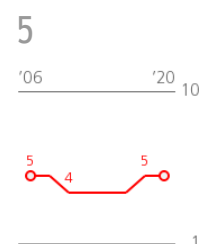
Because the agenda does not rest with the government in its totality, successful implementation does not necessarily require the maintenance of a specific cabinet. Problematic or difficult policies, which provoke a public backlash sufficient to produce either a policy reversal or the sacking of a prime minister, are not as a matter of principle immediately removed from the agenda. Indicative of this situation is the 2018 draft tax bill, introduced by the Mulki government in May 2018. Public knowledge of the draft generated demonstrations severe enough to result in Mulki's resignation and the appointment of Omar Razzaz as prime minister, who in turn

Question
Score

Prioritization



Implementation



selected a new cabinet. After announcing that the government would remove Mulki's draft from parliament, a new tax bill was drafted and finally approved by the parliament in December 2018. Its approval was met with further protests across the kingdom, however, this time the king did not remove the prime minister.

Aside from a few concessions, the regime managed to secure the desired changes to the tax law within six months of the initial demonstrations. Ministers and governments are expendable to the regime more so than long-term initiatives, especially those connected with macroeconomic indicators and security.

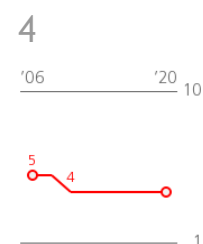
Privatization and the complete removal of subsidies are further illustrations of this. First proposed/imposed on Jordan as part of the 1989 Structural Adjustment Program (SAP) to secure IMF credit, it took almost three decades for both to be legislated and finalized. Similarly, since 1989, successive governments have worked to strengthen the foreign reserves of the central bank of Jordan. Considerably less success, however, has been evident in reducing unemployment. The official rate has not dropped below 10% in more than two decades. Enshrining citizen rights in legislation (distinct from the constitution), and democratic reform by contrast subject to regime security priorities, and thus have seen little improvement.

The beliefs and worldview underpinning Jordan's policy agenda have proven not to be susceptible to alteration. This is particularly true of the economic and security spheres. Innovation, to the extent that it exists, manifests itself in the policy double-act decision-makers have been engaged in for the past 30 years. On one hand, decision-makers have turned toward the liberal world order for financial assistance, while sustaining an excessively large public sector for purposes of domestic stability. On the other hand, decision-makers have maintained an increasingly tight grip on political authority, despite the rhetoric of democratization.

As part of this, Jordan has been involved in economic restructuring for some 30 years, and (although advances have been made) wage growth is stagnant and unemployment is unsustainably high. While subsidies were reduced once more in 2018, assistance in the form of cash transfers was made available to the detriment of the budget. Negative budget figures in turn necessitates further international assistance in the form of loans, refinance and aid grants. The government of Omar Razzaz looks set to continue this well-trodden path established by his predecessors.

However, there are a number of areas where innovation and learning has produced dividends. Concerning the management of the kingdom's Syrian refugees, Jordan has experienced some success in developing a strategy to cater to the kingdom's Syrian refugee population. Having learned from Jordan's experience with Palestinian and Iraqi refugees, policymakers in Jordan constructed the Jordan Response Platform for the Syrian Crisis (JRPSC) to streamline the country's response and direct international assistance accordingly.

Policy learning



In energy policy, successive governments have since 2008 taken the advice of international experts in formulating a strategic energy plan worth \$18 billion designed to direct policy until 2020. The strategy covers all facets of the energy sector from generation (renewable, nuclear and conventional fuel) to transmission. As such, it takes stock of Jordan's solar, wind, shale oil and uranium resources, and addresses how they may be utilized. Owing to the amount of investment required, the kingdom's strategy involves an Independent Power Provider (IPP) approach for the construction of generators. By the end of 2018, four IPP projects had been approved in deals with the U.S. company AES and South Korea's KEPCO.

15 | Resource Efficiency

In 2017, Jordan witnessed its first elections at the governorate and municipal levels, the culmination of a process of decentralization first proposed in 2009. Decentralization holds the possibility of creating a new division of labor between government at the levels of the governorate and national parliament. In so doing, decentralization offers citizens greater opportunities for direct involvement in decision-making. Theoretically, therefore, sitting cabinets will not need to make decisions affecting local communities, and may instead focus on national issues and decision-making.

However, Jordan's decentralization is incomplete in a number of key areas. One area concerns the territory managed by the Jordan Valley Authority (JVA), whose decisions, including on residential developments, are overseen by the cabinet. Another area concerns the power of mayors and municipal councils relative to governors and the central government. The initial drafts proposed a decentralization of powers from central government to mayors and municipal councils. By the time the twin decentralization laws were approved in 2015, decision-making capacities had been limited to governors and governorate councils, whose powers had been tied to central decision-making rather than advanced through greater independence.

Budgetary resources are employed according to immediate political expediency more often than for purposes of long-term objectives. Persistent high unemployment parallel to average GDP growth between 1999 and 2017 of 4.9% is a consequence of such decision-making. Expenditure continues to outpace income leading to unsustainable levels of debt. Opportunities to boost productivity, and the efficient use of human and financial resources in some sectors (notably ICT) is stymied by the interference of security considerations. The preparedness of decision-makers to facilitate this suggests that human capital and productivity could be more effective than at present.

Efficient use of assets

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Coordination, as with decision-making, is hierarchical and centralized, with informal networks of personal relationships performing important roles in enabling and disabling coordination. The executive (i.e., the king, royal court, prime minister and cabinet) is the principal policy organ, from which instructions for implementation radiate outward. Decentralization has not altered this reality.

Concerning technical and vocational education and training (TVET), there is a shortage of job-ready TVET graduates. Jordan has three distinct clusters of bureaucracy related to TVET: vocational education is overseen by the Education Council; vocational training is managed by the Employment and TVET Council; while the Higher Educational Council oversees technical education. There is no overarching body capable of facilitating horizontal linkages between these three institutions. Greater coordination, however, may improve outcomes and reduce duplication.

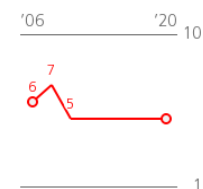
There are some notable exceptions especially where international partners are concerned. The Jordan Response Plan introduced as an additional model of coordination with the already established cluster model of U.N. agencies. This has helped Jordan take a more active role in responding to the refugee situation and, for right or wrong, introduce measures for its citizens alongside Syrians.

Corruption remained a blight on governance and bureaucratic activity during the review period, with public trust declining in institutionalized processes and the individuals who operate within them. The Arab Transformations Survey Project recorded in 2016 that 71.3% of Jordanians surveyed reported corruption as a serious shortcoming in efforts to improve transparency and accountability in governance practices. Since 2004, the Jordanian Anti-Corruption Commission (JACC) has been responsible for uncovering corrupt practices and prosecuting the individuals involved. JACC amalgamated with the Audit Bureau in 2016 to form the JIACC, which handled 1,328 cases in 2017, referring 415 for investigation. A number of high-profile cases have been brought to trial. In June 2018, the former director-general of the Income Sales Tax Department, Bashar Saber, was referred to trial by the JIACC on charges of abuse of office. In popular opinion, however, such instances remain isolated and predicated on political considerations.

Despite this, the kingdom has experienced some success in combating corruption, especially in finance, with Jordan ranked 89 out of 129 countries globally in the seventh annual Basel Anti-Money-Laundering Index (AMLI). The index, which measures a country's susceptibility to laundering and terrorist financing, gave Jordan a score of 4.84 points, the second best in the MENA region after Saudi Arabia. The assessment comes in the wake of Jordan's central bank issuing a new package of anti-laundering and financial counter terrorism regulation in June 2018 for banks in the country to replace those previously implemented in 2010.

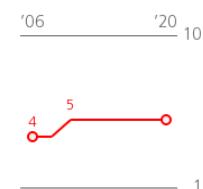
Policy coordination

5



Anti-corruption policy

5



16 | Consensus-Building

Facets of democratization and marketization are agreed to by the major political actors in Jordan. The difficulty resides in the details, while the chief agents of the state publicly advocate for both, many of their domestic principals possess nuanced perspectives that render either a complete adoption or the imposition from above of both impossible. Little consensus exists on what marketization and democratization mean in principle let alone in practice. The Arab Transformations Project survey results from Jordan demonstrate that strong support for democracy exists simultaneously with similar support for the implementation of Shariah law.

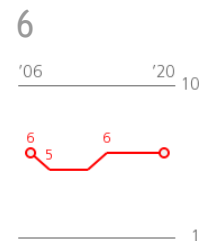
Underscoring the existence of different understandings of democratic principles and practice, some not insignificant collective actors (e.g., the military veterans' association) support democratization on the condition it improves access to state resources for their members. Rent-seeking objectives are incongruent with the principles of marketization. Many of Jordan's more than 40 political parties (whether left-wing, nationalist or Islamist) assert that the state has a moral obligation to intervene in the economy to ensure that fundamental citizen needs are met. For the Hashemite regime marketization is the primary means through which the kingdom can reform its semi-rentier economy and advance private sector productivity, with the objectives of achieving sustainable economic growth and improving the living conditions of citizens.

Jordan is a semi-authoritarian state in which all collective and individual actors of strength (i.e., actors capable of directly influencing the trajectory of the kingdom) share a dependency on the state. Thus, to varying degrees, they exhibit support for the status quo. This is true for Islamists who benefit from the provision of services, and relative security and stability provided by the state in comparison with others in the region. Similarly, it is the case for Jordan's tribes, the largest of whom periodically display displeasure at the policies of or individuals within the regime (e.g., al-Haywatat in 2017 and Bani Sakhr in 2018).

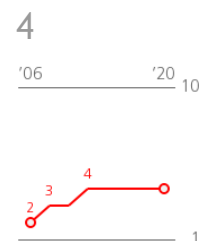
Under the current regional conditions, the majority of Jordanians, while seeking further reform, especially economic reform, are cautious of pushing too hard, lest the kingdom succumbs to instability from its neighbors. However, as the demonstrations of early 2019 illustrate, if the Razzaz government is unable to find solutions to the worsening socioeconomic conditions of citizens, domestic instability will increase.

Jordan's well established and recognized cleavage is that between citizens of East Bank and Palestinian origin. Other divisions and cleavages exist on the basis of religion (Muslim – Christian), and legal status (citizen – non-citizen refugees or guest workers). However, these cleavages have historically been mitigated by the domestic stability provided by the state. With regards to the East Bank/Palestinian divide, the old social compact that both created and mitigated this cleavage has been employed

Consensus on goals



Anti-democratic actors



Cleavage / conflict management

5

since the civil war in 1970/1971 (Black September) between the Jordanian military and units of the Palestinian Liberation Organization (PLO). One of its central tenants was the division of labor: public sector employment for the kingdom's East Bank population, and predominately private sector employment for the kingdom's population of Palestinian origin.

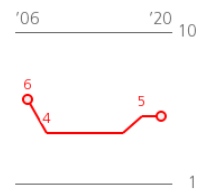
In the last 20 years, this has demonstrated considerable deficiencies as the unsustainability of the external borrowing necessary to support this scheme generates consistently large deficits.

This is not a structurally delimited cleavage but rather one based more on how the regime's different support coalitions in society were historically constituted. Support for the regime was traded for benefits, concessions and privileges. What appears to be emerging now is the evolution of this cleavage into more of a class or at least socioeconomic cleavage, as the state's ability to distribute largesse is reduced owing to the conditions imposed on external grant, loan and aid income.

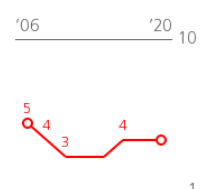
The regime's ability to manage this cleavage is at present tied to external patterns and capital transfers. With Jordan on the path of liberal marketization and no alternative on the immediate horizon, solutions must increasingly be found to improve day-to-day living conditions and employment opportunities.

In as much as the political process involves participation in decision-making, civil society at large has an insignificant role. With agenda-setting centralized in the hands of the royal court, and the prime minister and cabinet, civil society has historically struggled to consistently influence decisions. This extends to cases where an agenda has been successfully altered, as the ongoing campaign "My Mother is Jordanian and her Citizenship is My Right" demonstrates. The King Hussein Foundation in coalition with over 20 other civil society organizations and with support from former member of parliament Mustafa Harmarneh forced the issue (i.e., the inability of Jordanian mothers to pass their citizenship on to their children irrespective of paternal nationality) onto the government's agenda. Since 2014, all attempts to pass legislation and amend the constitution to enable women to automatically pass their citizenship on to their children have been defeated. In 2018, the parliament voted against granting working rights to non-citizen children of Jordanian mothers.

When considered expedient by the regime, civil society organizations are given space to participate in and contribute to dialog on policy-making. Some, especially those whose economic vision is congruent to that of the regime, are more influential in these sessions than others. The Jordan Strategy Forum (JSF) is an example of this. In 2018, for example, JSF held roundtable sessions with members of parliament to discuss and advise on the government's draft tax bill. The role of expediency extends to performance monitoring. Elections are one area where active monitoring has been encouraged as a way of improving public trust and signaling to the international community the kingdom's commitment to transparency and democratization. Several



Civil society participation
4



notable organizations, including RASED (from the al-Hayat Center) and the Center for Strategic Studies (CSS), monitor electoral, parliamentary and government performance.

The Hashemite monarchy acts as a unifying element in Jordanian society. Inasmuch as this continues to be the case, the king, as the head of the executive, can be called on by circumstance to reconcile past injustices. However, this is a difficult task because the king is infallible under the constitution. Hence, if an act causing community grievance can be linked to the king, a problematic situation may emerge. This is compounded by the sociopolitical structure of the kingdom, which sustains cleavages between those who benefit and those who do not.

17 | International Cooperation

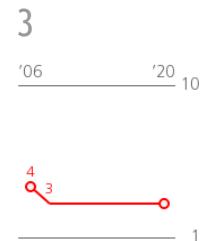
International partners have been essential to Jordan's development and stability since its independence in 1946, owing to the country's geography and geopolitical neighborhood. Jordan's membership and activity within the WTO, the Agadir Agreement, and a series of free trade agreements with the United States and the European Union demonstrate that, since King Abdallah II's ascension, international partnerships continue to be significant for the kingdom.

There are several areas where partnerships with external actors have enabled Jordan to implement long-term policy plans. Two key areas are the response to the Syrian refugee situation and energy. The Jordan Response Plan (JRP), along with its ties to U.N. organizations (chiefly UNHCR) and other non-government organizations, is an example of the development of a plan that could be implemented for decades while instability continues in Syria. However, its complete implementation is dependent on donor partners fulfilling their pledges. Since its inception, the plan has been chronically under-funded.

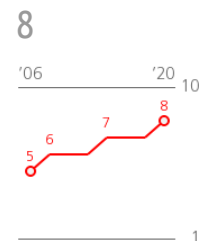
International actors have been instrumental in providing assistance and agenda-setting, especially in the spheres of economic development and refugee care. Regarding the former, the IMF and World Bank, in addition to other states, have provided expertise and assistance in policy formulation, with privatization, energy strategy, taxation and investment competitiveness some of the key areas. As Jordan's history with subsidization schemes demonstrates, however, even influential external actors cannot completely ensure the implementation of a policy. In relation to refugee care, UNRWA and the UNHCR have been at the forefront of responding to refugee influxes, providing direct assistance to Jordanian authorities as well as parallel schemes.

Jordan's Atomic Energy Commission (JAEC) partnered with Russia's Rosatom Overseas in 2015 to build a \$10 billion nuclear plant. However, this project was abandoned in May 2018, with Khaled Toukan of the JAEC citing costs and safety

Reconciliation



Effective use of support



concerns after the Fukushima reactor emergency in Japan. The reported belief within the JAEC is that a smaller reactor would be more likely to secure international finance, therein reducing the costs on the state budget. While Jordan appears to have given up on a full-fledged nuclear option, the JAEC is in talks with China's National Nuclear Corporation to conduct feasibility studies of the firm's technologies.

Jordan is in principle a reliable partner on the international level. Established over several decades, the kingdom has enjoyed close relationships with successive U.S administrations, and possesses a strong network of bilateral relationships with state and non-state actors (e.g., Japan, South Korea, the European Union, the United Kingdom, Saudi Arabia, the IMF, WTO, and World Bank). Jordan has been a key partner in the post-9/11 "War on Terror," and has taken the lead on providing security and military assistance including intelligence gathering and sharing, as well as allowing specialist counter-insurgency training within its borders.

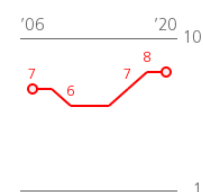
There are some concerns, however, regarding Jordan's commitment to human rights. After the UNHCR discussed the kingdom's Universal Periodic Review (UPR), a number of recommendations were repeated concerning capital punishment and gender inequality. These recommendations include the suspension of capital punishment with the aim of eventually abolishing it, altering the constitution to allow Jordanian mothers married to non-Jordanian men to automatically pass their citizenship on to their children, and the prohibition of underage marriage. That said, Jordan has made some firm strides forward, including the removal of Article 308 in the Penal Code, which had allowed perpetrators of rape to avoid punishment if they agreed to marry their victims.

When taken as a region, bi- and multilateral relations between Arab states is among the weakest globally. Despite this, Jordan is active in fostering ties with its neighbors. Numerous challenges exist from competition and a history of mutual suspicion between states to instability generated from the region's colonial legacies, such as the Israeli-Palestinian conflict. Volatility emanating from Iraq and Syria has compounded the situation. Jordan is a founding member of the Agadir Agreement, which came into effect in 2004. Signed along with Tunisia, Morocco and Egypt, the agreement aims to facilitate greater inter-Arab trade in addition to increasing Arab trade volumes with the European Union. Membership is open to all Arab states, but signatories must also be members of the Greater Arab Free Trade Area, the Arab League, and possess an Association Agreement or FTA with the European Union.

This has limited the agreement's expansion. Further, as the agreement's members are more focused on increasing their respective bilateral trade with the European Union, less energy has been exerted on inter-Arab trade. Hence, Jordan's regional relations, like those of states outside of the GCC, are primarily bilateral rather than multilateral. High on Jordan's agenda in recent years has been the re-opening and establishing of border trade with Syria and Iraq.

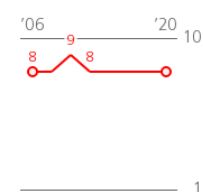
Credibility

8



Regional cooperation

8



While the border with Iraq has been open for some time, truck-bound trade has not resumed. In December 2018, it was announced that such trading would resume in March 2019. Further, both countries have agreed on the principles of constructing a joint border industrial zone. Cross-border road trade with Syria resumed in October 2018 after a hiatus of more than three years. Urged by business groups in Jordan, the government has gradually looked to restore ties with Damascus in spite of the ongoing conflict. The resumption of trade across the border similarly boosts trade with Lebanon, whose only land-based trade route to the Arab world is through Syria.

Strategic Outlook

All states must navigate a cocktail of domestic and external opportunities and threats. However, Jordan experiences this necessity more acutely than most. On the domestic front, the regime of King Abdullah II continues to rest on different constituencies, which requires the state to pivot in different directions simultaneously. These constituencies include, but are not limited to, two groups. On the one hand, the business elite, including Jordanians of Palestinian and East Bank origin, who want to see further marketization and greater integration into the global economy. On the other hand, military veterans and their families, numbering in excess of 800,000 individuals, who advocate for continued state intervention in the economy. Subsidies and the provision of services are central features of state intervention, although the state has steadily removed and replaced many subsidies with cash transfers.

These divisions, which relate more to class than ethnicity, have not been addressed adequately. However, they will need to be, as ethnic and national divisions continue to simmer with the presence of over one million Syrians in the kingdom. Jordan and its international supporters must proceed with more inclusive economic development and be willing to expand the space within which meaningful citizen participation in the political process can occur. A decision to keep politics and decision-making centralized could be sustained in the short term as long as Jordanians continue to fear spill-over effects from Syria. However, as the Syrian conflict winds down, the absence of economic reform, improvements in living conditions and increasing economic opportunities in addition to greater political participation will lead to further demonstrations. The warning signs for Amman already evident in 2018 need to be heeded.

The kingdom remains embedded in a number of important bilateral and multilateral relations, with the United States, European Union, Israel, Japan and the Gulf Cooperation Council, among others. The existence of which will continue to prove crucial to the kingdom's stability and Hashemite security. Although King Abdullah II has demonstrated tact in steering Jordan's international relations, this has sometimes come at the expense of domestic approval. For example, the 2018 demonstrations were provoked as much by Jordan's relationship with the IMF and World Bank as by the draft tax bill. Similarly, peace with Israel remains critical for Jordan's security, although normalizing the relationship between the two countries looks increasingly unlikely. Jordanians, the majority of whom are of Palestinian origin, have always been angered by Israeli intransigence and aggression toward the Palestinian cause. The decision in late 2018 to open a new international airport in Eilat in violation of a stipulation in the Oslo Accords is the latest point of dispute. Decision-makers need to be careful not to exacerbate popular discontent too much in order to ensure Jordan's relationship with Israel remains intact.

Jordan must be steadfast in rejecting any prospect of a 21st century "Jordan Solution" to the Israeli-Palestinian conflict, which has been floated by several Israeli and U.S. commentators since the U.S. Trump administration took office. This could see Jordan absorb some of the West Bank or

act as the guarantor of the territory's security. King Abdullah II has rightly been clear in rejecting anything resembling this model of peace.

Regionally, Saudi Arabia continues to grow in significance for Jordan, especially regarding finance and energy. All things being equal, the two kingdoms will share a cross-border power grid in the next year. Reconstruction in Iraq and Syria could also provide economic opportunities for Jordan. The kingdom's stability, consistency with international regulation and shared borders with both countries makes it an advantageous location for national and international firms and agencies to be based when reconstruction efforts commence. Until then, Jordan will continue to host hundreds of thousands of Syrian refugees, which will further strain Jordan's already scarce water and electricity resources. The kingdom should continue to diversify its energy strategy and promote desalination initiatives to safeguard its shrinking ground water reservoirs.

Despite these challenges Jordan has remained remarkably stable compared to many of its neighbors. This is significant as the legitimacy of the established order is predicated on the current, delicately balanced stability-reform matrix.