

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **UPPER-MIDDLE INCOME** Local currency - **Jordanian Dinar**

POPULATION AND GEOGRAPHY

AREA: **92 300** km²

POPULATION: **7.690** million inhabitants (2014), an increase of 2.2 % per year (2010-2014)

DENSITY: **73** inhabitants/km²

URBAN POPULATION: **83.7%** of national population

CAPITAL CITY: **Amman** (15% of national population)

Sources: World Bank; OECD; UNDP-HDR, ILO

ECONOMIC DATA

GDP: **79.6** billion (current PPP international dollars) i.e. 10 353 dollars per inhabitant (2014)

REAL GDP GROWTH: **3.1%** (2014 vs 2013)

UNEMPLOYMENT RATE: **11.9%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **1 760** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **28%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.748**(high), rank **80**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
94 93 MUNICIPALITIES (BALADYAT) + GREATER AMMAN MUNICIPALITY (GAM) AVERAGE MUNICIPAL SIZE: 81 808 INHABITANTS	-	-	94

MAIN FEATURES OF TERRITORIAL ORGANISATION. The Kingdom of Jordan is a unitary country with a one-tier subnational government system, made of the municipal level. As of today, the country has a strong tradition of deconcentration with 12 governorates keeping most of the powers related to local policies and public service provision. The implementation of the 2007 Municipal Act introduced a considerable shift towards greater decentralization and the direct election of municipal councils, with the exception of the Greater Amman Municipality. The decentralization process is still on-going in 2016 and should lead to a future empowerment of municipalities, with extended competences. Among these new powers, municipalities would be able to form inter-municipal alliances to promote their independence and enhance the public services they offer. The future reforms could also lead to direct election of governorates councils, instead of being appointed by the central government, which would become self-governing entities. The law should also review the allocation of financial system funds distributed by the state to make it more equitable. After a massive amalgamation of cities in 2001, the country now accounts 93 municipalities and the special status city of Amman, as the capital-city and surrounding communities gathered in 1987 to form the Greater Amman Municipality (GAM). Despite this special status, the city has a limited autonomy as the Amman City Council has 20 of its 40 members appointed by the Prime Minister in order to represent public institutions and civil society organizations. The other half is elected through local elections. Other municipalities are ruled by elected official but they still placed under the supervision of the Ministry of municipal affairs. As such they are much more considered as semi-public entities providing public services than as autonomous self-governed authorities.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. According to the Municipal Act, municipalities are responsible for urban planning, public health, education, culture and sport; public safety, etc. However, it should be noted that the central government had a tendency to privatize certain competences that should be a priori devolved to municipalities, and the range of their responsibilities is now limited to solid waste management, street lighting, storm water drainage, public markets and others. Nevertheless, in parallel, there has been a consolidation of municipalities in their duties through the opportunity offered to them to gather in inter-communal entities in order to implement more effectively the public services they are responsible for.

SUBNATIONAL GOVERNMENT FINANCE

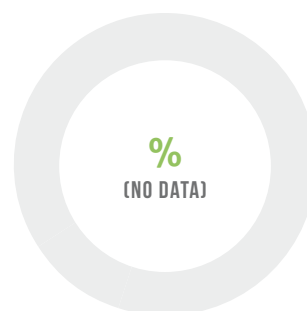
EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2013)	2.1%	5.8%	100%
CURRENT EXPENDITURE	1.4%	-	47.4%
STAFF EXPENDITURE	1.1%	15.8%	51.2%
INVESTMENT	0.7%	12.9%	32.4%

Both States and municipalities are significant economic and social actors. They represent a large share of public spending and have important spending responsibilities in key sectors. The share of staff expenditure in public staff expenditure and in SNG expenditure is above the OECD average. SNGs also play a significant role in public investment.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



Investment expenditures represented almost a quarter of the general government public investment, mostly to fulfill the needs of cities in matter of urban development. Nevertheless, these needs are not fully addressed as the devolution of financial resources does not follow the delegation of competences to the municipal level, generating overlaps between resources and needs. The lack of financial autonomy of the municipal entities doesn't allow them to adjust their fiscal policy in order to address these gaps.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2013)	2.1%	6.1%	100%
TAX REVENUE	0.8%	5.0%	38.6%
GRANTS AND SUBSIDIES	0.0%	-	1.9%
OTHER REVENUES	1.2%	-	59.5%

To fulfill their competences, municipalities benefit from a budget funded by local taxation, fees and charges, and for a major part by transfers from the central government. Municipal revenues hence represent a share of more than 2% of GDP, which is a high level in comparison to regional standards, but own-source revenue mobilization is still weak because of inefficient tax and fees enforcement and collection. Moreover, there is a very big inequality between the Great Municipality of Amman and all of the other Jordanian municipalities.

TAX REVENUE. Municipalities can perceive two taxes: the tax on fuel, and the tax on property. The latter has been defined as a local tax by the Municipal Law, however, the central Government, which collects the tax on the behalf of municipalities, is also for both the determination and the actualization of the tax rate, and also has a role in the determination of the amount transferred to the municipalities.

GRANTS AND SUBSIDIES. Municipalities budgets are for a large part funded by financial allocations from the central government whose amount varies depending on the number of inhabitants. However, these transfers are for a large part accounted on other accountability categories.

OTHER REVENUES. According to distribution criteria, 6% of produced oil derivatives made by Jordan Oil Refinery Company is redistributed between municipalities taking into account their population, their level of contribution to state revenue, the specificity of their situation and their responsibilities. This budget is severely limited compared to the national budget and the governorates. Other revenues also include income coming from fines, customs taxation.

OUTSTANDING DEBT	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	-	-

The only source for financing capital expenditure, in addition to central fiscal transfers, is borrowing from the Cities and Villages Development Bank (CVDB) which is the official lending agency and intermediary for fiscal transfers and grant administration in the municipal sector.

A joint study of:



Sources: Ministry of Finance (2013) on <http://www.mof.gov.jo/en-us/datacenter/> • Secondary cities revitalization study, Analysis of the municipal sector, Annex B (2005) • EuropeAid (2010), Building development capacities of Jordanian municipalities – Baladiaty, The quest for decentralizing government in the Hashemite Kingdom of Jordan: some preliminary findings of a situation analysis • *Forum Méditerranéen du service public* • UCLG Observatory on governance in Mediterranean area • Myriam Ababsa (2013), Municipalities and Issue of Local Governance, in Atlas of Jordan, Presses de l'Ifpo, Institut français du Proche-Orient