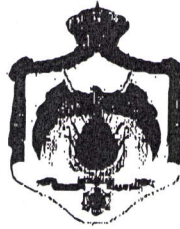


**THE PERMANENT MISSION OF
THE HASHEMITE KINGDOM
OF JORDAN**
GENEVA



البعثة الدائمة
للمملكة الأردنية الهاشمية
جنيف

MD/2/1/ 347

17 February 2011

The Permanent Mission of the Hashemite Kingdom of Jordan to the United Nations Office in Geneva presents its compliments to the Office of the High Commissioner for Human Rights, and with reference to the latter note verbale dated 17 December 2010 requesting responses to its attached questionnaire relating to the report of the Independent Expert on the question of human rights and extreme poverty pursuant to resolution 8/11 entitled ' Human rights and extreme poverty', has the honor to enclose herewith the required information, in Arabic, on the subject matter.

The Permanent Mission of the Hashemite Kingdom of Jordan to the United Nations Office in Geneva avails itself of this opportunity to renew to the Office of the High Commissioner for Human Rights the assurances of its highest consideration.

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OHCHR REGISTRY

18 FEB. 2011

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Human Rights and Extreme Poverty questionnaire**Fiscal policy;**

Q1: Has the country adopted, or does it expect to adopt, contractionary fiscal policy in the aftermath of the global crisis?

Answer Q1:

Like any of other country of the region, Jordan has been significantly affected by current financial crisis, which led to an expansion in public spending, and consequently this contributed to an increase in the fiscal deficit to unprecedented levels reaching around JD 1.5 billion by year 2009. Moreover, this increase in fiscal deficit led to a rise in the net public debt to approximately JD 9.7 billion.

During 2010 several measures have been adopted to reduce the fiscal deficit without negatively affecting the development requirements, which are represented in rationalization of public expenditure, allocating of resources more efficiently, reduction of unjustified expenditure, and increasing self-reliance and strengthening the domestic revenue through collecting of local revenues more efficiently, strengthening tax administration and reducing of tax evasion.

Q2: What percentage, if any, of expenditure reductions are being or will be directed at social expenditures, including education, health, social security, housing, water and sanitation?

Answer Q2:

During 2009, the expenditure on social protection program has been decreased by 13.8%, which includes goods (fuel) subsidies, as a result of liberalization of petroleum derivatives prices in 2008 and reduction of subsidies. On the other hand, the government has not made any cuts on education, health, social security and housing expenditure, which has been increased by 25.8% during 2009 or by JD 340.5 million, as shown in the following table:

Growth rates of Government expenditure for selected sectors in 2009 (%)

Social Protection	Goods Subsidies	Social Security	Housing	Health	Education
-13.8	-55.6	35.2	72.7	32.4	5.9

Source: MoF monthly bulletin (table 4, 5 and 6)

Q3: Please describe all actual or proposed reductions in expenditure on specific social protection programmes, including any reduction of benefits or number of beneficiaries.

Answer Q3:

The spending on social protection programs, assistance and the number of beneficiaries has not been reduced, since the main goal was to rationalizing public expenditure and prioritize of capital expenditure without negatively affecting the development

requirements in addition to more efficient allocation of resources and reduction of unjustified expenditure.

Growth rates of Government current expenditure for selected sectors in 2011

	2011 Estimated
Housing	316%
Health	6.1%
Education	27.5%
Social Protection	18.7%

Source: General budget law for 2010 and 2011

Q4: please describe all actual or proposed reductions in expenditure on the wage bill, including any cap or cut in wages of public health and education sectors workers?

Answer Q4:

There is no actual or proposed reduction in spending on wages and salaries, but the increases in wages and salaries are limited to the annual regular bonus, also the recruitment in the public service was halted except in Ministry of Education and Ministry of Health.

Q5: have current economic recovery policies taken into account development in unemployment, food prices and social inequalities?

Answer Q5:

The social dimension (unemployment rates, food prices and social justice) has been taken into consideration when preparing the economic reform plans mentioned above. These reform steps include reduction of unjustified expenditures that do not have an economic add value, direct the government subsidies to those who deserve it in order to protect poor and middle class, continue subsidizing basic commodities for all community groups, subsidizing water and electricity sectors, and directing the government spending in health sector to achieve specific goals such as improving the health services offered to citizens and increasing the percentage of citizens included in the health insurance system, and directed spending to the education sector towards improving its quality through the provision of adequate infrastructure.

In addition, the government has adopted several steps to stimulate the economic growth; first of all, by reforming the tax system, to protect the poor and expand the middle classes in society by reducing the income tax on all taxpayers categories especially individuals (e.g. currently about 98% of the citizens are tax exempted according to the new tax law). On other hand the government intends to increase the budget allocations

for capital expenditure in 2011, and deepening the partnership between the public and private sectors to implement mega projects.

Q6: does your country expect to restore public expenditure after a certain time period, and, if so, when?

Answer Q6:

The government adopted an economic, social, and comprehensive reform program as mentioned above, with specific objectives in medium term and these reforms will be an ongoing process to achieve the desired objectives in the coming period. As the budget deficit is expected to be reduced as a percentage of GDP up to 3% in the medium term. And despite of the reduction in total expenditures in 2010, due to the global economic and financial crisis, which resulted in reducing expenditures by 2.6% in 2010. The 2011 proposed budget shows that government expending will increase by 6.4% which represents a good start point to resume public spending to be as it was previously before the crisis.

Q9: Were any alternative fiscal policies considered and discarded, and, if so, why?

Answer Q9:

The governmental and economic policies to achieve these programs are revised periodically and on a scientific basis. For example, expansionary fiscal policy was adopted to eliminate the global crisis impacts on the macro economy. But over the time, it was realized that the desired results have not been fully achieved, and continuing this policy could expand the burdens and costs more than the benefits that will be gained, as a result a more realistic fiscal policy was adopted to cut the public spending in order to reduce the budget deficit and public debt.

Social Reforms (2007-2010)

In many developing countries protecting vulnerable groups during the economic crisis has been a challenge because of weaknesses in administration and the paucity of readily available social protection mechanisms such as unemployment benefits and targeted social assistance programs. As a result, the economic crisis has resulted in a setback for the Millennium Development Goal (MDG) of reducing extreme poverty and improving other welfare indicators. While Jordan made substantial progress in

poverty reduction between 1997 and 2008, (poverty declined from 21% to 13.3% over this period), many Jordanians, such as children, rural populations, and inhabitants of certain regions, continue to be exposed to vulnerability risks.

The sharp increase in oil and food prices during the past few years, the removal of fuel subsidies, and the global economic downturn have put pressure on the living standards of many Jordanians, particularly those at the bottom of the income distribution.

To address vulnerabilities and enhance social inclusion, the Government of Jordan has over the years developed a comprehensive social protection system consisting of (i) mandatory social insurance; (ii) various forms of social assistance programs (safety nets); and (iii) active and passive labor market programs and policies. In this regard, one lesson emerging from the global crisis is the need for combining two types of social protection mechanisms: income support to the unemployed and targeted social assistance which typically focuses on the chronically poor, the law in this regard has been in effect since January 2011 as temporary law awaiting Parliament endorsement. This law would ensure that the income support in the form of unemployment benefits helps laid-off workers and could also have macroeconomic benefits through stabilizing aggregate demand. Additionally the Government of Jordan, work is underway to improve the targeting of the social safety net programs, and the social insurance mechanism was recently reformed to make the pension system financially sustainable, while also introducing health insurance, and unemployment insurance. A summary of the Social reforms are provided below:

National Aid Fund Enhanced Effectiveness

- Better targeting programs linked to conditional cash transfer approach within the National Aid Fund (NAF) strategy is implemented by the Government.
- It is very important to balance between immediate relief and long-term poverty reduction, without damaging the poor people longer-term prospects of escaping poverty. So far, the Government allocates Additional allocations USD (28) million to expand the beneficiaries of the Fund. A better targeting mechanism is also been piloted.
- *The ideal social safety net should be an integral part of the process of development.* Hence, GoJ Links the NAF beneficiaries and their families with the opportunities of training and jobs to encourage them to work and increase their families' income.

- Raise the minimum aid extended to poor families based on a particular criteria
- Raise minimum wage for workers from JD(120) to JD(150) per month.
- The Fund continued to extend monthly cash assistance to poor families, while taking into account conducting studies of cases on the waiting list.
- The Fund extended yearly cash assistance as below:

Amount (JD Million)	57	78.5	88	78.8
Beneficiaries (Family)	81735	87118	87048	82000

- Expand the Humane/ special cases support, this includes care for the disabled. The upper limit of family income eligible for assistance was increased from JD(200) to reach JD(250) with the amount paid also increased.

Social Insurance

- Unemployment Insurance savings Account (UISA) Scheme; which is unemployment scheme, which is still at the parliament.
- Government Support Program for the Unemployed and Government Support Program for Agriculture Workers; which encourage private employers to hire unemployed Jordanians with secondary school or lower levels of education, through subsidizing social security contribution. More towards female. i.e agricultural
- Support to Qualifying Industrial Zones (QIZs)- which grants fee waivers for permits for foreign workers to QIZs for employing Jordanian Workers.
- Empowering the poor and vulnerable groups- though programs aimed at expanding and increasing the effectiveness of social services, capacity building for non-governmental organizations, and improving the National Aid Fund.
- National Vocational and Training program in cooperation with Jordan Army aiming to decrease unemployment, though provision training opportunities and employ job seekers, enhance their qualifications according to corporate needs and locations, within the required job market, in addition to female training program for self-employment especially in the poor and remote areas.

Social Safety Net

GoJ has enhanced the social safety net through increase the allocations in the budget law, (where the allocations were raised from USD (151) million in year 2007 to USD (550) million in the year 2008, with an increase of (264%)). USD (235) million are allocated for the Social Safety Net in the year 2009, with a decrease of (57%) due to the Procedures taken by GoJ to absorb the negative impact of the crisis especially in the social aspects.

Plan to control prices (Prevention)

- GoJ implemented a plan to control prices, Including pricing of some food commodities for an interim period.
- Increased number of branches of Civil and Military Services Consumer Corporations, which provide goods and commodities to consumers with lower prices.
- Establish parallel markets (popular) overall the country, through the municipalities and Greater Amman Municipality, including instruction to regulate and monitor these markets.
- Create an entity to protect the consumer under the umbrella of Prime Minister, as well as the GoJ is considering establishing a company to import basic food staff.
- Highlight the available tools for market control and penalties resulted from breaching the competition rules and monopoly practice. In addition to encourage people to report any irregularities standing out in the market.

