

ERF Policy Brief

Where Does Jordan Stand on Five SDGs Related to the Social Sectors?

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About the authors

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In a nutshell

- Jordan historically compares favorably to other countries concerning social indicators and, while it will likely miss the 2030 targets, its progress towards the SDGs is not lagging behind other Arab countries
- The SDG related to employment and poverty would have advanced faster, had it not been for weak fiscal management leading to rising public debt, and lack of progress in SDG8 on employment and economic growth
- SDG5 on gender equality has progressed in terms of institutional reforms, the opposite being true for SDG4 on education with respect to quality. SDG10 on inequality also must have increased though updated information is missing
- Jordan is committed and has the governance capacity to advance the SDGs, but progress will depend on the outcome of the ongoing stabilization program and the pace of recovery in the presence of continuing headwinds.

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Despite many challenges, Jordan is not lagging

According to a global assessment of the SDGs by the United Nations, a rather disappointing picture emerges: Only 16 percent of the SDG targets are on track to be met globally by 2030 with an additional 50 percent experiencing weak and insufficient progress, and 30 percent not progressing or, worse, regressing.

Compared with the global progress, the latest national assessment by the Jordanian government in 2022 noted progress in 62 percent of the SDG indicators with the remaining being equally split between those that have shown no improvement or having regressed. Jordan’s country score is 69.1 percent compared to the regional average of 65.6 in MENA and 66.3 globally. Among its Arab neighbors, Jordan’s global rank is the same as Egypt’s, and higher than Iraq’s 64.1, Lebanon’s 63.9, Syria’s 60.6, and Yemen’s 46.9.

This brief focuses on five social SDGs. These are poverty (SDG1), inequality (SDG10 and SDG5 on gender inequality), the labor market (SDG8) and education (SDG4). In the limited space available, it does so, not so much by assessing specific indicators

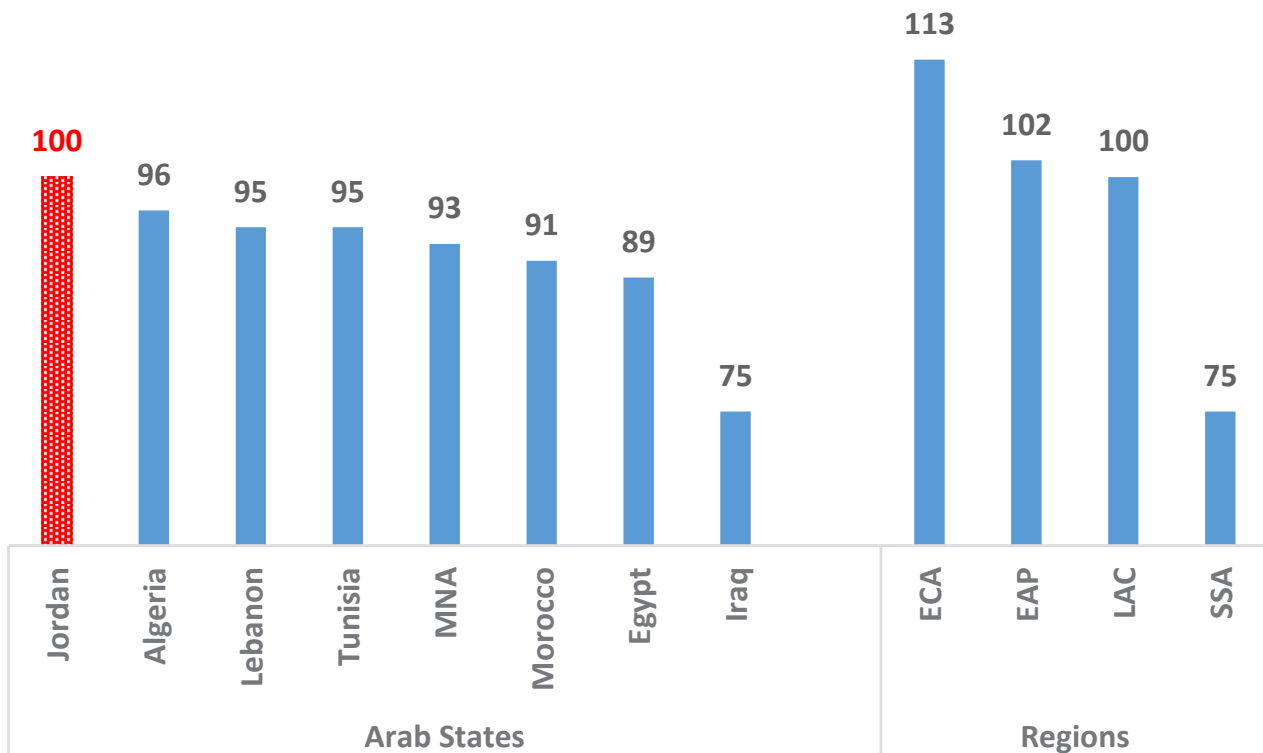
of the SDGs, but by examining the current status of and likely progress in areas under each social SDG in the context of Jordan’s developmental and economic priorities.

In a way of summary, irrespective of progress in some SDGs or lack of progress in others, it should be noted that Jordan is a regional leader in terms of the Human Capital Index and the Human Development Index (Figure 1 and Figure 2). This is not a small feat for a small economy so exposed to external shocks.

Increasing poverty (SDG1)

There are no recent official estimates of the poverty rate, the latest being 16 percent in 2017-18. However, a rather clear trend is emerging. Following the repatriation of half a million Jordanians among less than four million residents after the Gulf War in the early 1990s, the poverty rate peaked at 40 percent. It then declined in the 1990s and especially during the high economic growth decade of 2000. Since 2010, poverty has been on a rising path. A regional study by ESCWA based on proxy indicators confirms this and suggests the rising trend was established before the COVID-19 pandemic in 2020 (Figure 3).

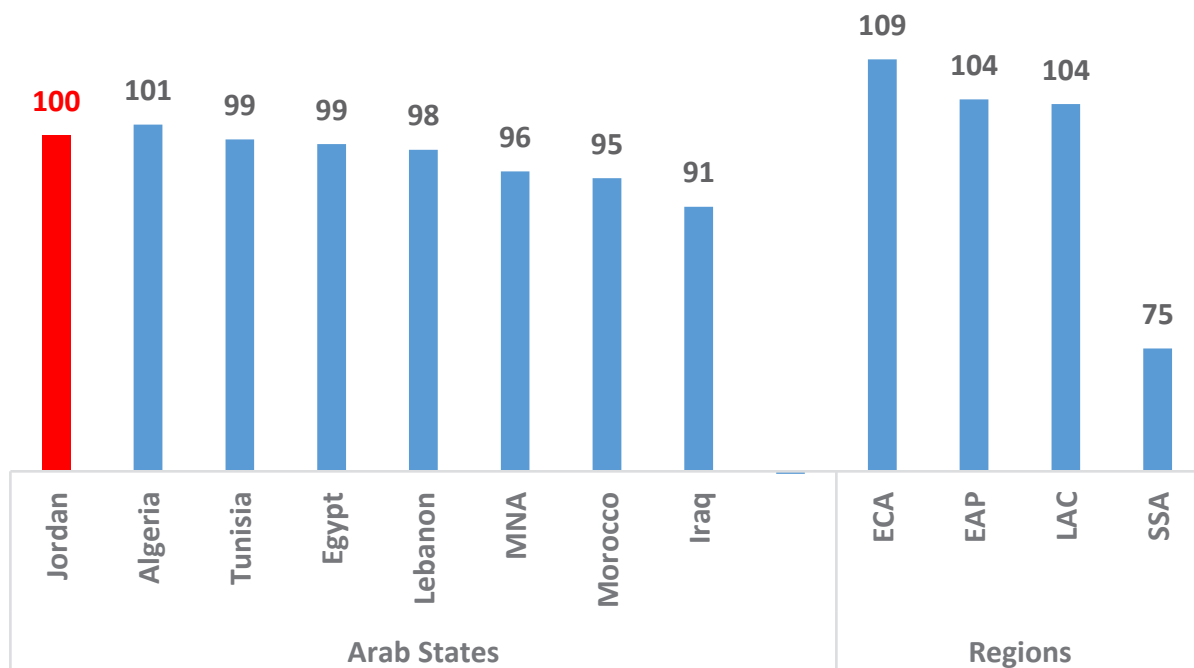
Figure 1. Value of human capital index, 2020 (Jordan=100)



Source: World Bank (2020). Human Capital Index Update 2020.

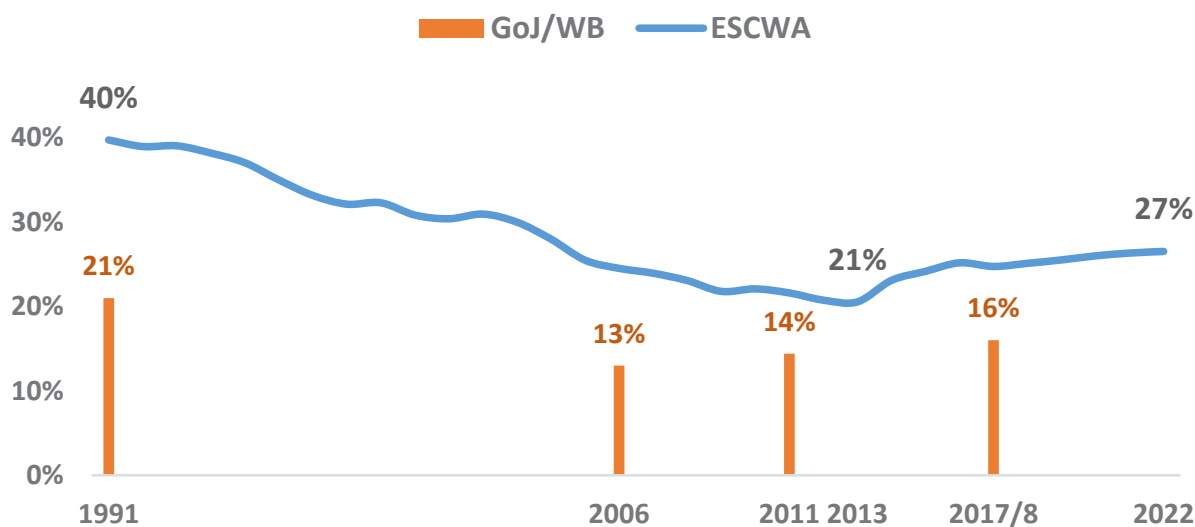


Figure 2. Value of human development index, 2020 (Jordan=100)



Source: UNDP (2022). Arab Human Development Report.

Figure 3. Poverty rate, 1991-2022 (%)



Sources: Department of Statistics/National Surveys, World Bank and ESCWA.

The increase in poverty is compatible with the macroeconomic deterioration since 2010, when annual economic growth rates have since hovered around 2.5 percent, unemployment started rising, and prices of food and fuel increased mainly from external shocks. Combined with the natural increase in the population and the influx of Syrian refugees in 2011, the result has been a decrease in per capita income by almost 25 percent. However, up to half of the decline in per capita income can arithmetically be attributed to the 14

percent population increase due to the presence of Syrian refugees over the domestic population that had reached 10 million by 2010. This arithmetic correction assumes that the presence of refugees had zero effect on the production of goods and services (aggregate demand). This is a strong assumption as the economy benefited, at least in part, from increased consumer demand, international assistance, the presence of aid agencies, and any investments refugees made.



Persisting inequality (SDG10)

At the middle of the economic boom, in 2006, the Gini coefficient of inequality was reported to be 0.34. This is considered an “all time low” for Jordan. In 2015, the value of the Gini was officially reported to have reached 0.38, though the latest official value at 0.341 in 2017-8 is very close to that in 2006. Even so, Jordan has rather high inequality, as countries are considered to have low inequality when the value of the Gini drops below 0.30. In any case, Jordan has the highest inequality among comparable Arab counties, save Morocco (Figure 4).

The Voluntary National Review (VNR) in 2017 expected the Gini coefficient to decrease from 0.38 in 2014 to 0.25 by 2025. This apparently was a stretch target, as it would have required a significant reallocation of income. To achieve the aforementioned reduction, the incomes of those in the top three deciles of the income distribution would have to be reduced by 20 percent, and the proceeds to be given to those in the lowest seven deciles. Such a reallocation based on taxing the richest 30 percent of the population, would have corresponded to around 10 percent of total income. By comparison, total public revenues of around 25 percent of GDP to which individual income taxes contribute only 6 percent (equivalent to 1.5 percent of GDP).

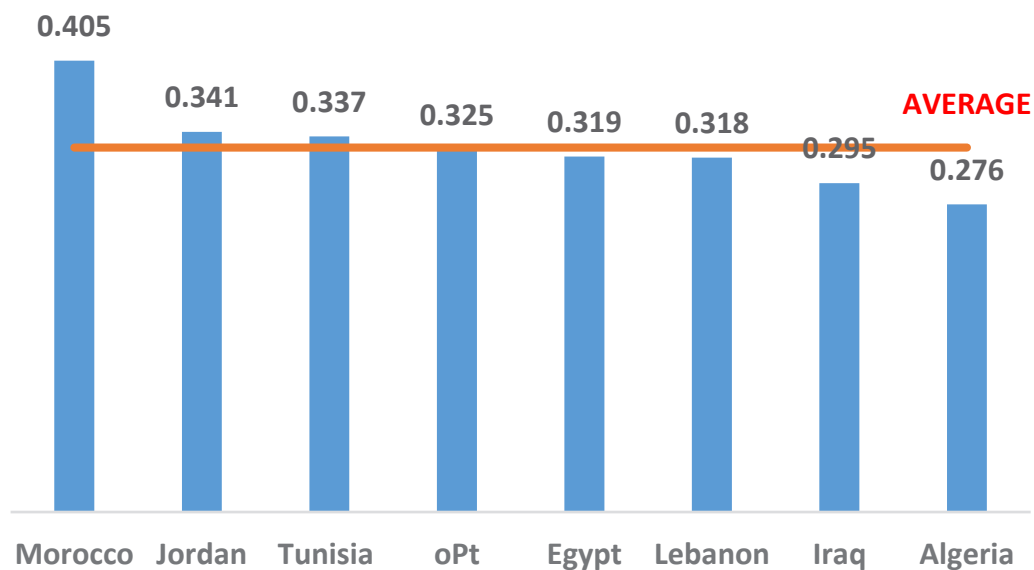
Underperforming labor market (SDG8)

The labor force participation (economic activity) rate has been declining over time and unemployment has been persistent, even during the high growth decade of the 2000s when it fluctuated between 12 and 14 percent. The unemployment rate had reached 19 percent before the pandemic in 2020 during which it peaked at 25 percent, though it has since declined to 22 percent (Figure 5).

Unemployment has commonly been described as “a youth and gender issue”. This is true in terms of unemployment rates. The unemployment rate of the youth is 45 percent and that for females 30 percent, compared with the 20 percent unemployment rate of men. However, in terms of numbers most unemployed are adults and men. In addition, the unemployment rate of men has more than doubled in the last decade compared to the increase in the female unemployment rate by “only” one-quarter. This suggests unemployment is of the most difficult type to address (structural) and unlikely to be significantly reduced before 2030, given the low projected rates of annual economic growth (below 3 percent).

Also due to structural reasons is the declining rate of productivity. Since 2010, productivity (GDP/employed

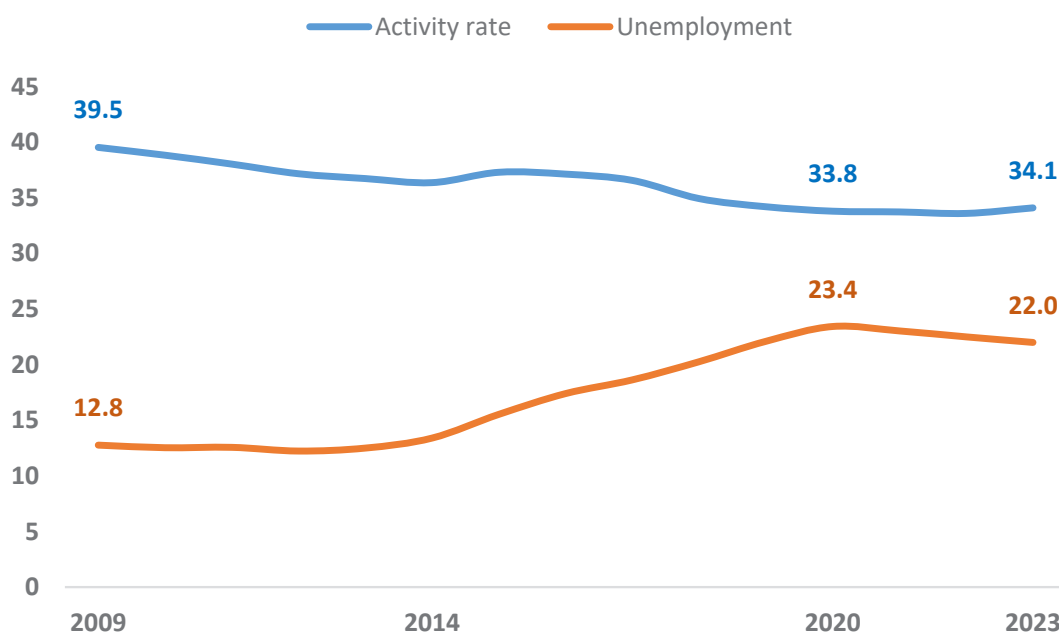
Figure 4. Gini index in selected Arab economies, latest available year



Source: World Bank (2024).



Figure 5. Economic activity rate and unemployment rate, 2009-2023 (%)



*Refined Economic Activity Rate (the ratio rate labor force to the population 15 years and over); Moving average (3-year) for both rates
Source: Department of Statistics.

persons) has declined by one fifth amounting to a loss of over \$11,000 per worker (Figure 6). Despite the challenges other comparable (non-GCC) Arab economies have also faced, they have managed to increase productivity by 12 percent (equivalent to 5,000), though global productivity has increased by 46 percent (\$9,000). This is yet an indication that structurally Jordan has been moving into lower value-added, low productivity sectors.

Given the labor surplus conditions in the labor market as manifested by the high unemployment rates and low productivity, it is not unexpected that average real wages in the private sector have stagnated over time, despite successive increases in the minimum wage that in Jordan indirectly serves the purpose of social protection. One reason is “wage compression”, namely the wages of more educated workers (rate of return to education) have been low and stagnating. The wage-to-productivity ratio is 42 percent in Jordan compared to 45 percent in the MENA region and much higher in the other world regions.

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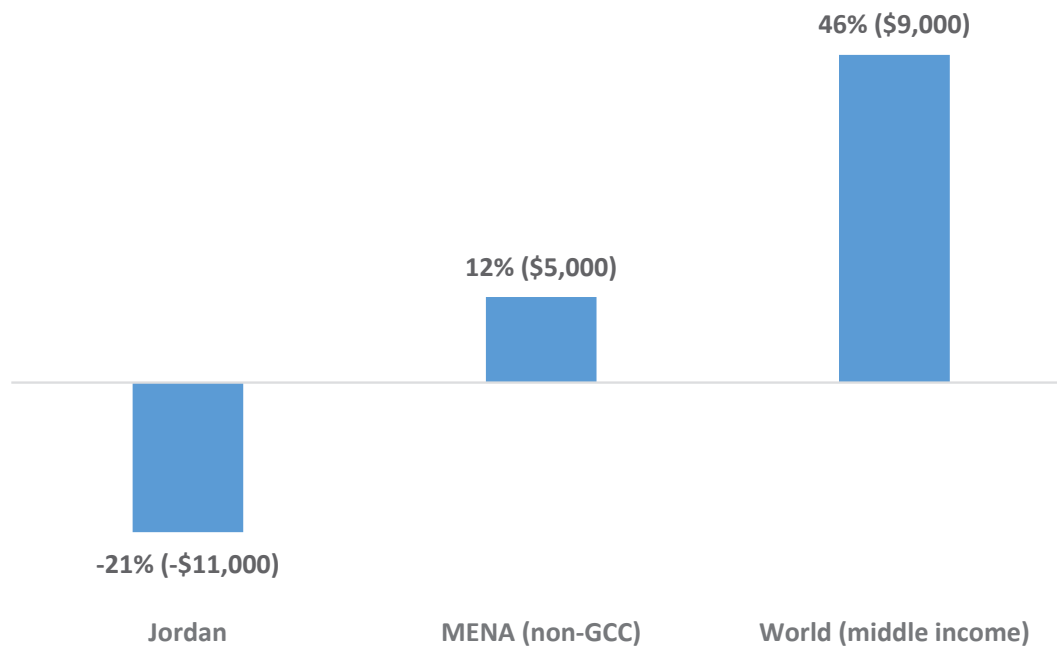
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Figure 6. Change in productivity, 2010-22 (% and real \$)



Note: GDP per person employed (constant 2017 PPP \$); rounded figures
Source: World Bank Development Indicators.

On the other hand, wages in the public sector (and pensions, another form of social protection mainly through early retirements) have been increasing contributing to the increase in the debt burden, thereby reducing the fiscal space for public investment and spending on the social sectors. Still, at the macro level, the wage share at 37 percent of GDP in Jordan is low, for example, compared to 44 percent in Morocco and 46 percent in Tunisia.

Regressing education (SDG4)

To its credit, Jordan considers primary education to be not just six years until the age of 12, but extends “basic education” to ten years until the age of 16. Jordan has one of the highest literacy rates among Arab countries. Also compared to other Arab countries, the curriculum in Jordan dedicates fewer hours to Islamic education and Arabic language and more to foreign languages, math and sciences. This is reflected in Jordan’s higher learning scores in literacy, math and sciences in international comparisons. In addition, unlike the rather mixed picture compared to Morocco and Tunisia, in Jordan female students consistently over-perform compared to male students (Figure 7).

There are signs that the quality of education has been declining over time. Again, with reference to

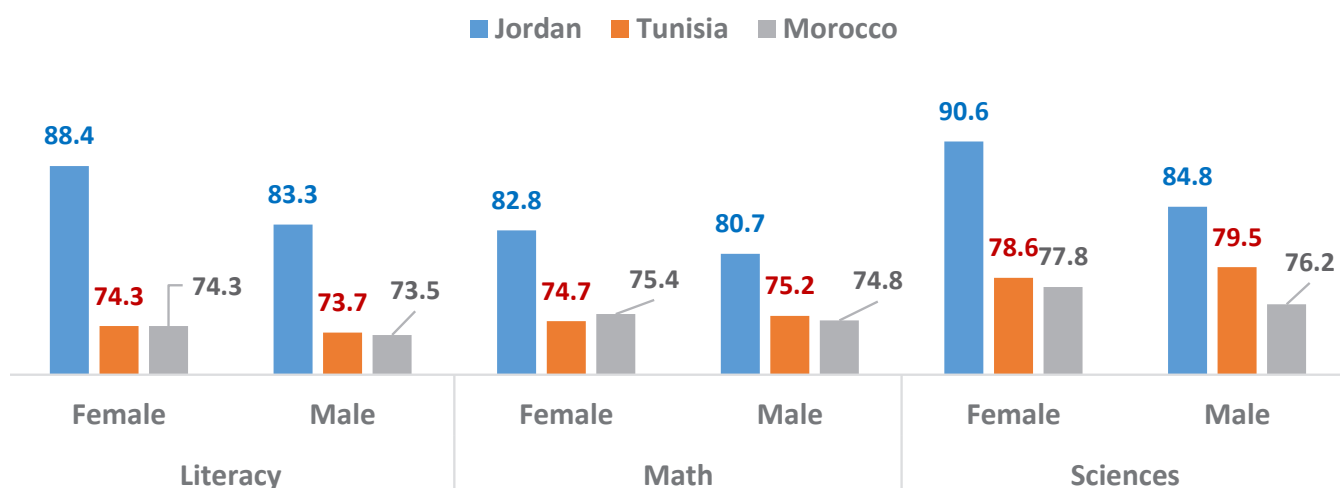
international comparisons, the relative performance of Jordanian students has been declining over time. For example, in 1999, the first time Jordan participated in the TIMSS study, Jordanian students scored 50 percent more than the least performing country but have since been closer to the lower performing ones.

The declining trend was already noted in the government’s “Vision 2025” developed in 2014. The Vision acknowledged that the education sector “was until recently a success story” and was affected by “the poor performance of a comprehensive system of quality that is associated with monitoring, evaluation, accountability and an accreditation system for the educational institutions”. The more recent global assessment by the UN (2024) has singled out the education SDG in Jordan not just as facing “major challenges” but as the only SDG that is on a downward trend.

This trend can be associated with decreasing public expenditures on education and the increase of private education. Public expenditure on education has declined from 5-6 percent of GDP in the early 2000s to 3 percent in the late 2010s. In 2018, the budgetary allocation to education was higher than that on servicing the debt but now is 25 percent lower. In the meantime, at the basic education level (that affects all children, not just those who proceed to post-secondary and university studies) the number of private schools has reached 3,500, a



Figure 7. Relative performance of 15-year old students on PISA (Index OECD=100)



Note: Figures in squares indicate the relative performance (advantage, in percent) of females over males in Jordan.
Source: Author's compilation based on the Program for International Student Assessment (PISA: 2018).

number that is almost equal to the 4,000 public schools. Yet, public schools have 50 percent more computers than private schools.

More private education at lower quality has implications for inequality (SDG10) and productivity (SDG8). Jordanian students from poorer socioeconomic backgrounds may not be able to afford private education and/or drop out of the education system early. And when in schools, the learning outcomes of less privileged students are lower than their counterparts belonging to higher socio-economic groups. Lower enrolments and lower learning outcomes for a substantial part of the population have adverse effects on future productivity growth domestically, and on the ability of Jordanians to work abroad whose remittances have at times been nearly 20 percent of GDP thereby sustaining per capita incomes at home. At present, 50 percent of adults with tertiary education and an equal percentage of youth (below the age of 30) would like or have considered emigrating. Most of them (93 percent) cite as their main reason to be economic. The corresponding figure was only 27 percent during the economic boom.

Advancing gender equality (SDG5)

The female labor force participation rate at around 15 percent is among the lowest in the world. The fact that unemployment mainly is due to macroeconomic factors does not downplay the legal, social, cultural and institutional constraints Jordanian women face in the public and private spheres. In 2016, Jordan had more legal differences in the economy between women and

men than any other country in the world, save Saudi Arabia.

Though cultural and institutional constraints can play a role, the prime reason for women's low presence in the labor market can be said that it is structural – like the case of unemployment. According to the Arab Barometer VIII (2024), 27 percent of Jordanian respondents cited as the main reason holding back women's employment to be lack of available jobs with only 16 percent reporting low wages. This suggests that the problem lies more on the demand side of the labor market (lack of jobs) than on the supply side (high reservation wages by job seekers).

The situation of Jordanian women in the economy has implications for both economic growth and inequality. Some estimates bring the output (GDP) loss from the low female labor force participation to as high as 20 percent, one of the highest in the world. In terms of inequality, women from poorer households are affected most as the data show that their employment gains over time have been lower and unemployment rates are higher compared to women in better off households. This adversely affects not only the SDG5 on gender but also overall inequality in the economy (SDG10).

Yet, there has been progress since the low point Jordan found itself in the past. In 2019, the Labour Law 1996 was amended, and it introduced the concept of "wage discrimination". It imposed penalties on the employers in case of discrimination and obliged them to establish a day care facility when there are 15 or more children under five years of age in a company's female *and male* workforce (previously the obligation existed only in



the case of female employees). Previously, in 2010, the financing of maternity benefits had been shifted from employers to social security. In 2018, night work and sectoral restrictions for women were removed, and women can now choose, with the consent of the employer, flexible working arrangement adapted to personal and family circumstances. Also on the positive side, the VNR2022 stated that the proportion of women in managerial positions is around 60 percent. The ILO reports that 48 percent of Jordanian women are in such positions, still a reputable figure.

Concluding remarks

At the broadest level, Jordan has embedded the SDGs into its vision, strategies and plans. It outlined a roadmap to implement the “2030 Agenda on Sustainable Development” as soon as the SDGs were globally adopted in 2015. It has conducted a series of VNRs in 2017, 2020 and 2022 to monitor progress toward the achievement of the SDGs. It established a Sustainable Development Unit at the Department of Statistics to collect and share data and created a dedicated Development Portal.

Jordan has set up a comprehensive institutional structure to support the SDGs involving the Prime Minister’s Office, the Ministry of Planning and International Cooperation and other line ministries as well as the Ministry of Finance and the General Budget Department to coordinate financing for the SDGs. Consultations include parliamentarians, other government agencies, the private sector, women/youth/local communities, civil society organizations, academics as well representatives from the donor community.

It is clear that Jordan is committed and has capacity to move ahead with the SDGs. However, it is constrained by its macroeconomic performance and the resulting anemic private sector development. Both have an adverse impact on the labor market, poverty and inequality. Indeed, the latest VNR2022 noted that least progress has been made in SDG8 on decent employment and economic growth, and SDG10 on inequality. Other national assessments indicate that Jordan is at or below the fourth (lowest) global quartile with respect to quality of life, and in the third quartile in terms of food security, social progress and economic freedom (Economic Modernization Vision 2023-33).

Concerning the other three goals, first, SDG1 on poverty reduction presents a big challenge being to a large extent a consequence of lack of progress in SDG8 and the

accumulated high debt and debt repayment obligations that limit the fiscal space available for spending on social protection and social assistance. This is particularly relevant for Jordan on the way to 2030, as the country has embarked on an ambitious fiscal consolidation program aiming to reduce the debt significantly by then. This attempt implies that debt repayments will increase at the expense of other public social spending. Combined with the projected low economic growth rate, there is little prospect that per capita incomes will increase much by 2030.

Second, while education still is a bright spot in Jordan, the regression in quality education (SDG4) noted in the global SDG dashboard is in great part due to decrease in public spending on the sector and the rise of private education. Again, this relates to the fiscal stress, and the decline in per capita income makes private education less affordable to poorer households.

Third, and finally, gender equality (SDG5), has a long way to go starting from a low base but has progressed on two fronts. On the one hand, the gender parity in enrolments has been accompanied by girls outperforming boys in learning outcomes. On the other hand, the recent legal reforms can make it easier for women to capitalize on employment opportunities as they arise. The slower increase in female unemployment compared to men is suggestive of this. However, female gains may end up as a nearly zero-sum game, unless economic growth accelerates and more jobs are created that would accommodate the rising numbers of all job seekers, women and men.

Looking ahead, there are several headwinds. The debt has more than doubled since the end of the economic boom to 108.8 percent of GDP in 2021, and is projected to increase further to 115 percent of GDP by 2026. Though external factors have played and can still play a role, there is choice to be made concerning how to make room for the debt repayments so that social spending is not reduced. For example, increases in the public sector wage bill (that has increased by 110 percent since 2010) and pensions (that have increased more than 130 percent) can be moderated.

The review of the selected social goals in this brief suggests that in Jordan progress toward the SDGs may not have lagged behind other Arab countries and globally, but it could have progressed faster, had the economy performed better. Admittedly, since embracing the SDGs, Jordan has been subjected to several regional and global shocks, ranging from the Syrian crisis (2011) to the pandemic (2020). These shocks have certainly taken a toll on the economy and the social sectors. And



the effects of more recent events, especially the War in Gaza (2023), have still to show their full effects. Still much of SDG progress till 2030 will depend on how the stabilization process is managed and when its effects will start showing up in terms of recovery and economic growth.

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