

Zentrum für Entwicklungsforschung
Center for Development Research
Universität Bonn



ZEF Bonn

The Role of Information in the Process of Economic Reform: the Case of Jordan

Riad al Khouri, BLitt (Oxon), Director MEBA, MEBA@nets.com.jo and Marwan A. Kardoosh,
Director of Research, Jordan Centre for Public Policy Research and Dialogue,
kardooshm@yahoo.com

Authors would like to acknowledge numerous Jordanians and a few non-Jordanian citizens who were interviewed in the course of writing this paper. Some preferred anonymity. Authors are also grateful to our research assistant Michelle Burgis.

Table of Contents

1. INTRODUCTION & HIGHLIGHTS	3
2. METHODOLOGY	3
3. THE REFORM PROCESS IN JORDAN.....	4
4. JORDAN’S INFORMATION BASE.....	5
4.1 Government Departments that Produce Information.....	5
4.2 Role of the Non-Government Sector	8
4.3 Role of the Donor Community.....	9
5. FREEDOM OF INFORMATION	9
6. MEDIA DEVELOPMENT.....	10
7. EXAMPLES OF POLICY-RELATED STATISTICAL PROBLEMS.....	14
7.1 Unemployment.....	14
7.2 Migrant workers	15
7.3 Growth figures.....	15
8. THE ROLE OF INTERNATIONAL DONORS.....	16
8.1 The IMF.....	17
8.2 USAID	18
CONCLUSIONS	20
ANNEX: Main Findings of the IMF Mission December 2003	23
BIBLIOGRAPHY	26
NOTES	29

1. INTRODUCTION & HIGHLIGHTS

This study documents the increasingly important role that economic information has played in Jordan's reform process over the last fifteen years. Given the need for economically informed dialogue and debate amongst all major players in Jordanian society, economic information is now being appreciated as a valuable resource in this process. However, Jordan's economy as well as its political system has so far failed to allow a sufficiently independent voice for the media, business and civil society sectors. Despite sophisticated studies calling for an open government, whose role is more facilitative than directive in the economy, it still remains the case that the government is the main provider and controller of economic information. A lack of resources on the part of non-government actors, as well as more established links between government and international donors partly explains this ongoing trend. However, serious impediments also remain at the level of legislative frameworks, whereby freedom of information is still not guaranteed and is not supported by a fully independent judiciary. The study details the nature of the reform process as well as the main sources of economic information in a number of parts. The first section briefly surveys the history of Jordan's recent reform initiatives. The study then considers the key providers of economic information in Jordan, including government departments, the media, civil society and international donors. It also provides an illustration of the role of economic information by discussing current problems related to statistics in the policy sphere. The study ends on a guarded, but ultimately optimistic note, by concluding that access to economic information has improved significantly since the inception of Jordan's reforms. Much work is still needed, particularly in allowing genuine dialogue between all actors, but it is clear that both Jordan's economy and its political system recognizes and generally supports the process of greater access to and sharing of economic information.

2. METHODOLOGY

This study relies primarily on information from more readily available official sources. A longer, more detailed study would examine recent laws introduced to see how they reflect the general policy statements of the government in relation to economic reform. To strengthen the present study, a number of relevant and knowledgeable people were interviewed, many of whom preferred anonymity due to their sensitive past or present positions.

3. THE REFORM PROCESS IN JORDAN

The pace of economic reform has accelerated concurrently with an increasing reliance on economic data both by the public and private sectors. However, such trends need to be appreciated more generally against the backdrop of Jordan's recent political reforms. These have focused on the greater accountability, transparency and openness of the government towards its constituents, the business sector and the international community. If Jordan is to succeed in fulfilling its economic aims of greater investment and a leaner public sector, then economic information should no longer be viewed as the exclusive preserve of certain national and international officials. Such an opening up of government practices has relied on radical changes in the mindsets of officials as well as a change in policy towards the accessibility of such information to the public. For instance, the government has become much more self-conscious about its responsibility in providing current and readily-available information about its activities and economic information in particular. Its policy of e-government is an excellent example of this whereby government departments now publish significant amounts of data online. The recent initiative of administrative reform is another important illustration of evolving attitudes, as the government now aims to decentralise its decision-making processes; improve the interaction between all levels of government and the civil society and private sectors; as well as generally enhance the role of the private sector in privatisation. Efforts such as these, combined with the expanding information base provided by the international community as part of Jordan's deepening economic and legal obligations, demonstrate that the process of reform and the dissemination of information are inextricably linked. In fact, Jordan's economic reforms can only really succeed once this interdependent relationship is appreciated.

The government still has some way to go in fully implementing its intended aims of broad-based political reform as well as the free-flow of economic information. For example, the limited role of civil society and the media in contributing to the production of economic information is an ongoing problem. It is also vital to recognise that information *per se* is never enough. It is also necessary that a culture of critical engagement with such information develops so that such data improves not only in terms of quantity, but also *quality*. Greater access to public information does signify a more prominent role for the government as an information provider. However, providers of information should be distinguished from knowledge creators, such as independent academic and civil society research. There remains insufficient space and resources available to the production of knowledge in Jordan, especially outside the realm of foreign donor supported

projects. Thus, there is clearly an imbalance between the dissemination of information and the creation of knowledge at present.

In sum, Jordan's recent sojourn along the path of reform has produced limited results in relation to more open governance. However, these steps are at least the beginning in what will be a long and difficult process of reinventing the respective roles of not only government and business, but also the media and civil society in the production, dissemination and reception of economic information.

4. JORDAN'S INFORMATION BASE

As part of recent reform measures, much more economic information has become available to the public. However, the success of Jordan's information suppliers in this regard has not been matched in the sphere of economic knowledge creators.

In efforts of economic reform and steps taken for Jordan's integration into the international economy, accurate and detailed statistical data is an important requirement. The strategic role of statistics in supporting and consolidating efforts for economic development involves transparency and timeliness in providing data, which are instrumental in the decision-making process for both the private and public sectors. Availability of timely statistics is a cornerstone upon which economic institutions build their plans and policies.

However, problems with economic data and its application complicate the difficulties of the country's reform process. For the public sector (including parliament and the cabinet) private business (even the handful of large firms) and civil society organizations (CSOs), issues regarding information present difficulties. The vast majority of Jordanian organizations have scant or no resources devoted to an information and database unit that reveals economic data affecting their interests.

4.1 Government Departments that Produce Information

The main government department producing statistical information is the Department of Statistics (DoS). The department had operated under law number 24 of 1950 and its amendments until the Provisional Statistics Law No. 8 of 2003 was endorsed and came into force. Collection and dissemination of data is officially a DoS mandate. The DoS has received

technical assistance in the area of national accounting data, and some DoS employees, who were previously trained by the IMF, are currently being sent abroad to other countries in the region to provide technical assistance in such areas as national accounts and price statistics.¹ In terms of supplying information, the DoS continues to succeed in expanding the amount and the quality of data available on Jordan's economy. With respect to the serviceability and accessibility of national accounts and price statistics in particular, the DoS has short-term plans to:

- Inform the public about the Minister of Planning's access to data prior to public release (the Minister of Planning has oversight responsibilities over the DoS)
- Continue the program to increase quality awareness and monitor users' needs
- Disseminate a statement on revision policy and practices in the DoS publications and website, and
- Disseminate an advance calendar for the release of national accounts and price statistics.²

Hussein Shakhathreh, Director General of the DoS since 1998, has defined the main objective of the department to be identification of the needs of data users and addressing them through producing, promoting, and publishing statistical information that is user-friendly and current. He notes that the more statistical information is used the greater is its value, adding that statistical information carries low costs compared to its relative impact on the national economy. The director general saw the independence of the official statistical information depending on the political maturity of the state and the professionalism of the statistical work. He considered this independence as an indicator of the degree of democracy prevailing in the society. This contrasts with past practices when statistical operations were restricted to the DoS, and where cooperation with government and private parties as well as individuals was underlined in carrying out any statistical operation.

Shakhathreh has pinpointed the major problems and impediments facing the department to be the low level of statistical awareness among wide segments of the public and private sectors, and the doubt that surrounds the credibility of the data, noting that most users of official statistics in Jordan do not know about the extent of information available. Other difficulties and barriers were the weak coordination between the ministries and government institutions, the conflicting figures issued by them, and the insufficient material and human resources available to the DoS.

To ensure the success of the department, Shakhathreh emphasized the need for providing more financial resources to develop the department and bring it up to a higher level. He said the department should not be subjected to the civil service regulations because it is a technical institution, noting that some employees working now at the department carry educational specialties with no relation to the science of statistics. Accordingly, Shakhathreh stressed the importance of hiring specialized and technically and scientifically qualified personnel to handle surveys and collection of statistical data due to their importance and sensitivity.³

These arguments notwithstanding, it should be stressed that even if more economic information is now available to government agencies, the private sector and/or interested individuals, its positive impact on the national economy is determined by whether such information is being used in an informed manner. After all, more information is not necessarily better. In any case, there is no doubt that the DoS today is performing better than a decade ago, providing policymakers with more detailed and updated statistics. One of the department's achievements is that in the past GDP national accounting data had a two-year time lag; now it is 70 days.

Other government departments that produce statistics include:

- Ministry of Finance (MoF), which distributes the monthly Finance Bulletin detailing budgetary information. This is available from its website (www.mof.gov.jo). The MoF's Public Debt Department also distributes a quarterly bulletin online.
- The Central Bank of Jordan (CBJ), which in its website, publishes details about current economic information (http://www.cbj.gov.jo/docs/nis_m_e.html).⁴
- The Jordan Export Development and Commercial Centers Corporation (JEDCO) (<http://www.jedco.gov.jo>)
- Ministry of Industry and Trade (www.mit.gov.jo)
- The Executive Privatization Commission (www.epc.gov.jo); and
- The Amman Stock Exchange (www.ase.com.jo).

In-house research departments are a relatively new phenomenon in Jordan. For example, one such department was established in 2000 at the MoF. The number of people currently employed at the department totals 20, of which 8 were employed recently.⁵ Funding remains a problem; especially as government salaries are unattractive for good researchers. To solve this problem, the MoF has been trying to hire a people on a contractual basis, where salaries are slightly higher than the ones offered under the government scale.

Jordan's National Information Center (www.nic.gov.jo) is responsible for making the above and other public sector information available electronically, a task it has improved during the past ten years. Such availability has largely been gratis, but the tendency now is to provide paid services, something that is meeting resistance among users in all sectors.⁶

4.2 Role of the Non-Government Sector

Despite many statements made by government and international donors about the need for increased involvement by the private sector and CSOs in the reform process, such a goal is still little more than a hope. A brief review of the existing legislation relating to government control over associations clearly indicates a top-down and potentially authoritarian relationship, where genuine debate and criticism could be thwarted.⁷

The Arab Bank Centre for Scientific Research (ABCSR) is an example of a private think-tank that tried and succeeded somewhat in initiating debate on issues related to the local economy. For example, the ABCSR began in 2001 issuing an annual report on the Jordanian economy, trying also to predict future developments. However, management at the Arab Bank was not keen on such reports, arguing that it should not be seen as criticizing economic policy in Jordan. In any case, the ABCSR was closed down after only a few years of operation.

Another recent example of the lack of success of knowledge creation in Jordan is provided by the General Secretariat at the semi-governmental Higher Council for Science and Technology (HCST) an autonomous state institution that had never published anything in the economic sphere until economist Taher Kanaan was appointed as its Secretary General in 2002. Kanaan brought in an economic advisor to the General Secretariat on economic issues. During Kanaan's two and a half year stint there, the HCST published two reports on the Jordanian economy. Both were very well received, as were op-ed pieces on the reports in the *Jordan Times* and the Lebanese *Daily Star*. However, such *ad hoc* and personalized knowledge creation by the HCST proved unsustainable with the departure of Kanaan and his associates, and the exercise came to a halt.

With the possible exception of the Center for Strategic Studies (CSS) at Jordan University, policy-oriented academic research in the country is weak. Funds being allocated to such

research are scarce. The same is also true of private sector firms, and of CSOs. Exceptions to this are the chambers of commerce and of industry. The Amman Chamber of Commerce (ACC) in particular has tried with some success to build a database and engage in a limited amount of research, but this has not yet been of great help to member firms. The problem is not necessarily that the ACC is not doing a good job in this regard, but is rather due to the indifferent attitude of some chamber members. As with the membership of other CSOs, there is sometimes an attitude among such Jordanians that militates against the effective use of research and statistics.

The case of newer CSOs and private think tanks is somewhat more encouraging in this respect, but nevertheless problematic. For example, as regards some of the business associations formed in the 1990s, there is greater awareness of the need for economic data of use to members, in contrast to the attitudes of some in the older CSOs.⁸ However, these newer organizations do not have the financial resources of the Chambers, and have only made limited progress in this regard, given the resources available. As a result of lack of a framework and/or resources to undertake research on policy issues, Jordanian CSOs and private consultants tend to rely instead on economic reporting and analysis from the public sector and the country's daily newspapers for needed information in this regard. However, for their part, Jordanian CSOs do not often reciprocate by providing newspapers with economic information.

4.3 Role of the Donor Community

Information about the government's intended policies and reforms is found not only on its own websites, but also in the published correspondence between the government and IMF on the latter's website (<http://www.imf.org/external/np/loi/2004/jor/02/index.htm>). This openness and level of detail is a major advancement from the lack of transparency that prevailed in economic policymaking previously. (See section VIII below for elaboration on the IMF's role in this area. See also note 2 below.)

5. FREEDOM OF INFORMATION

Freedom of information (FOI) as the ability of private individuals to access information held by the government is only very recent in Jordan. The government's projected administrative reforms could touch on this issue, but as yet, have failed to do so. The government's e-government

policy, however, is at least a first step in self-consciously making a substantial amount of material available to the public.

More broadly, at least within the wider Arab world, FOI has been interpreted to mean something quite different from administrative transparency and accountability. FOI in the Arab world typically describes the ability (or lack thereof) of private citizens to exercise their rights of freedom of expression. A discussion of political expression and the media is presented below.

6. MEDIA DEVELOPMENT

A decade and a half after liberalization began in the country, the application and adherence of press freedoms, as they are guaranteed in the Jordanian constitution, still depend on the political whims of incumbent governments. Sometimes governments allow courts to determine whether a journalist or a media institution has broken the law, while at other times they do not resort to the judiciary and instead interfere directly with the media. This has lowered media impact and performance. A problematic aspect of Jordan's press is that the law and institutions governing it have been unpredictable. Journalists benefited from the general liberalization that started in the country in 1989. The 1993 press law, though criticized for restrictive provisions, established - for the first time in the Kingdom - the individual's right to own and publish a newspaper, and abolished the government's ability to suspend or shut down publications before going to court.

A major setback for the press in the liberalization era came in 1997, when the government enacted a temporary press law that enforced sweeping censorship, classifying as criminal anything published that harmed the "national interest" or "security." That measure quickly led to the suspension of 13 papers. Journalists opposed the tough 1997 law and challenged the government legally. This resulted in the unprecedented ruling of the Higher Court of Justice, which found the 1997 press law to be unconstitutional. In 1998, the government simply re-introduced a new press law with equally harsh penalties. The new measure was ratified in the same year, despite mounting protests locally and internationally.

With the accession of King Abdullah in February 1999, emphasis was put on the need to amend the press law in tandem with the major economic reforms that the state was planning. A new law was endorsed in the same year, but fell below expectations. Key provisions that allowed

editorial censorship and government interference in the press remained. Journalists broadly felt that the law still did not provide the legal assurances needed to guarantee basic freedom to work without being intimidated or deterred by the state or others. The government retained the right to license and censor publications, and also started to enforce legal provisions making it mandatory for working journalists to join the Jordan Press Association, the government-directed professional body whose membership is skewed by staff from the state-owned television, radio, and news agency.

In 2001, directives were issued to abolish the information ministry, and the **Higher Media Council** (HMC) was established with the aim of restructuring the media and ensuring more private sector involvement in the process. However, the HMC was largely composed of former or incumbent officials, as well as other pro-government figures, and did not include representatives of the private press, women journalists, or Jordanian correspondents for international and pan-Arab media. The HMC was reformed and re-launched in 2002, with a mandate to act as a regulatory agency. Whether it will pull Jordan's media up to the global levels attained by pockets of the rest of the Jordanian economy remains to be seen.

Jordan's current press laws tightly regulate freedom of expression, and amendments to the Penal Code passed as a provisional law in 2001 punish an editor or news medium owner by imprisonment and/or a fine of about \$7,000 for publishing that "offends national unity, spurs people to commit crimes, implants hatred among members of society, instigates sectarianism and racism, insults the dignity and personal freedoms of individuals, promotes fabricated rumors, incites others to riot, sit-in or organize public gatherings that violate the laws of the country."⁹

Jordan has three main Arabic dailies, *ar-Ra'i*, *ad-Dustour*, and *al-'Arab al-Yawm*, as well as the English-language daily Jordan Times. Average daily circulation figures in 2003 were: *Al-Arab al-Yawm* 18,000, *Ad-Dustour* 70,000, *Ar-Ra'i* 90,000, and the *Jordan Times* 12,000.¹⁰

Despite a few differences, the dailies generally agree with the government on major issues, which can count on this segment of the press not to step out of line. Occasional dissenting views from government policy among their columnists or quoted sources are exceptions that prove the rule.¹¹ In return, editors-in-chief of dailies are treated as high-ranking officials, and a number of them have held major office in the public sector.

The two leading dailies, *ar-Ra'i* and *ad-Dustour*, still have substantial government shareholdings and effectively publish as arms of the state. There is now no obligation on the government to sell its shares in the leading dailies, as was demanded in an unimplemented clause in the 1993 law. The state-owned and -managed Petra News Agency is effectively an official mouthpiece for the government.

The weekly press is different. The birth of over 20 private newspapers and magazines in the mid-1990s, and lively competition between state- and privately-owned media, raised the level of many aspects of the press. The margin of freedom offered by the 1993 law helped to launch new publications, offer the public a greater variety of views, and tackle sensitive local and/or regional issues that the pro-government main dailies tended to avoid.

Despite setbacks, the weeklies still cover politics, business, and society, and many of them are sensationalist or run by groups politically opposed to the government (such as Islamists and Arab Nationalists). Because of the government and pro-government media's general unwillingness to publish sensational stories, public personalities, sometimes including even sitting officials, resort to the private-sector weekly press to reveal controversial information. The weekly press thus often publishes allegations of corruption that could be considered libelous, and these publications have pushed Jordanians thirstier for information away from the dailies.

Controversial as it has been, the private weekly press encourages many in society to express themselves in public, raises sensitive issues and makes accusations of corruption against some officials, and initiates public debate about topics that had been considered taboo in Jordan, such as corruption. The private press receives few government advertisements, and not many more from the private sector, so it has relied more on revenue from sales. To increase these, an effective strategy was to publish controversial stories, especially about corruption charges that had not and could not be aired in pro-government papers. Statements by the political opposition also added a political tinge to the weekly press, which further expanded the space in which unconstrained public political debate could take place in Jordan for the first time since the mid-1950s.

Successive cabinets have been antagonistic towards the private weekly press, often not inviting it to government briefings, especially since the late 1990s. Unhappy with the judiciary's unwillingness to dampen the weekly press's airing of controversial issues, the government in

1997 publicly criticized the weekly press, accusing it of tarnishing Jordan's image abroad, hurting the economy, and damaging national security. The gains in credibility and public confidence that the media enjoyed started to erode by the late 1990s, as the state cracked down on weeklies.

The state-owned-and-managed television and radio are effectively official mouthpieces for the government, offering little diversity in opinion. There are three television channels, which tend to focus respectively on Jordanian culture, sports, and light entertainment. Alongside the main Arabic broadcasts, there is much programming in English, with some in French.

Jordan Radio also has English and French services, as well as local FM broadcasting in conjunction with the main medium wave Arabic programming. The King has said that the state-owned Jordan Radio and Television Corporation would be privatized. However, though some new FM stations focusing on music have been established, privatization has not occurred.

Despite the extensive and growing lip service paid to liberalization, many government officials at all levels broadly do not subscribe to the concept that the press has a guaranteed right of access to public information. Rather, Jordanian media are used selectively to offer information supporting government viewpoints. The situation today remains mixed, with some freedom coexisting with rigorous state controls. Progress of important proposed laws is reported in the news media, and the general public as well as business lobbies react at different levels ranging from newspaper comment and opinion to presentations or protests by specific interest groups, e.g. Chambers of Commerce. However, for such activity to target or have an impact on parliamentarians remains problematic.

In any case, the quality of economic reporting and comment in key Jordanian newspapers is generally weak, though there have been notable exceptions. For example, from 2000, with a greater emphasis on economic issues under the new King, a younger generation of Jordanians began to report and comment in the local press on economic issues.

Notable among these were the writings of columnists in the English-language Jordan Times, among whom were trained economists.¹² However, that was the exception that proved the rule, namely that Jordan's mainly state-owned or government-influenced media in general and newspapers in particular continued to publish economic reporting and commentary that was

sometimes sycophantic and often unprofessionally produced. Recent years have witnessed a flurry of magazines in Jordan.¹³ However, these are mainly glossies with little or no economic reporting. At the same time, regional interest in Jordan has increased, so that for example Lebanese papers are publishing more on the Jordanian economy.¹⁴

The country progressed in 2004 towards media liberalization and openness as restrictions eased and authorities began the process of eliminating legal restrictions hampering freedom of expression. The year also saw the rise of the number of dailies, with the publication of the privately owned Ad-Diyar and Al-Ghad. (Two more have also received official approval and are expected to hit the newsstands soon.) However, many obstacles to free and open media remain, including government control and lack of access to information. Despite attempts to open up to the media by introducing spokespersons, public institutions are still hesitant to give out information. Tight-lipped officials remain the norm. Nevertheless, much progress has been made and a major hope is that media-related laws will be amended so that journalists no longer face the threat of imprisonment or newspapers with closure.¹⁵

7. EXAMPLES OF POLICY-RELATED STATISTICAL PROBLEMS

Despite progress in the 1990s in the gathering and issuing of economic information, weaknesses in the information base remained. This was illustrated by three notable public examples over the past decade of failures in the system of the compilation and provision of such information, as given below, in the areas of unemployment statistics, figures for migrant workers in the country, and the calculation of GDP.

7.1 Unemployment

The issue of unemployment plaguing Jordan has preoccupied governments since the late 1980s. In 1997, the government said unemployment stood at 15%. However, a study by the CSS in November 1997 showed that unemployment among Jordanians was between 22% and 27%, and even more rampant among those aged 15-24.¹⁶ The much talked about study, which put the CSS at loggerheads with the government, launched a major debate on the extent of unemployment in the country.¹⁷

The issue was eventually clarified by a close comparison of the different methodologies used. However, unemployment in Jordan is still in double digits. At the same time, the DoS's definition

of an unemployed person as being someone who has worked for one hour or more during the week prior to being questioned for its survey has failed to re-assure some Jordanians looking for a more realistic appraisal of joblessness in the country.

7.2 Migrant workers

At around the same time as the unemployment issue was coming to a head, the government had to face mounting criticism regarding the related subject of migrant workers. For example, the Ministry of Labor said it gave only 13,200 working permits in 1997 to guest workers who numbered by some reckonings around 200,000 at that time. However, a much higher figure was implied by the Jordanian interior minister's statement in a press conference in Amman in October 1998 that the number of foreign workers in Jordan is equal to the number of Jordanians in the country's domestic workforce.

Egyptians, Syrians, Iraqis and others resident in Jordan, including some non-Arab workers, are simply doing the jobs Jordanians do not want, a labor market pattern familiar in the Arab world. Most foreign workers in Jordan work for far lower wages than Jordanians, thus making businesses run. An argument can be made for Jordan to abandon its cheap-labor economic model, but this will mean massive restructuring, retraining, and retrenchment in the labor market, as elsewhere in the economy.¹⁸ However, the fact was and still remains that the number of foreign workers in the country is not known with any great degree of certainty, and the situation regarding the legality of their status, while improved, is still unsatisfactory.

Related issues are springing up today in Jordan regarding the Jordanian and non-Jordanian workforce in the qualifying industrial zones (QIZs). The impact of QIZs on Jordanian employment is problematic, partly because the numbers are not clear.¹⁹

7.3 Growth figures

During a visit to Jordan by the then-IMF Managing Director Michel Camdessus in December 1997, he made public statements suggesting that Jordan's growth performance was remarkable. However, in June 1998, World Bank Vice-president Kamal Dervis stated that these figures (for 1996) were not accurate, thus leading to what became a scandal. The first estimate for growth in 1996 was 5%; in reality however, the final figure was much lower. The IMF was called in to

review the statistical methodology, after which the growth figure for that year was scaled down to only 1%.

The World Bank clarified this issue by stating, “Regarding the question of GDP growth estimates, Mr Dervis stressed that the World Bank has no data of its own, and relies on the government's data for analyzing economic issues and trends. In fact, it was the government of Jordan that provided the World Bank and the IMF with the new estimates of economic growth, as soon as they were available. The new figures for 1996 and 1997 are lower than earlier estimates.” Following the government's sharing of new GDP estimates, IMF and World Bank missions, at the request of Jordanian government, visited Amman to review the methodology used by the Department of Statistics and to conduct detailed discussions with senior government officials.²⁰

Projected figures for things like Jordanian GDP, investment, etc in the mid-90s were deliberately too optimistic in an attempt to boost the economy. After the October 1994 accord with Israel ending the state of war between the Jewish state and Jordan, governments, were busy overselling peace. This resulted in over-expansion in some sectors. Hotels, tourist buses and travel agencies were examples of how parts of the economy went on an investment binge in 1995, only to end in a depression after the demise of the Israeli Labor government in the spring of 1996. At the time, official pronouncements whether made by Jordanians or others ended up being misleading to businesses. In the words of a commentator at the time, “it is the government's job to help business by gathering and releasing helpful information and articulating prudent opinions. Honesty by the government is a prerequisite for changes in the public sector, which are vital if Jordan is to develop; and to keep the public sector honest, a free press must be allowed to function.”²¹

8. THE ROLE OF INTERNATIONAL DONORS

International donors have been vital in providing the necessary funds as well as some of the normative ideas underpinning economic reform in Jordan. Substantial consultation has occurred between the Jordanian government and these bodies in implementing such reform. All of the donors listed below provide detailed economic as well as social and political statistics relating to Jordan's reform. However, it is difficult to gauge the extent to which local non-government actors

have used this information and the extent to which they contributed to the formulation of such policies.

A lesson learned from an examination of reform in Jordan over the past decade and a half is that extensive foreign assistance is needed to implement such change. The US administration alone allocated \$456 million in assistance to the kingdom in its budget for 2005.²² This relatively large amount, equal to roughly five percent of the Kingdom's GDP, is more than matched by total aid from other sources, notably the European Union states and Japan. Moreover, the trend in this respect is up, with the Kingdom receiving far more foreign assistance now than it did a decade or so ago.

Such assistance is now apparent across most of the economy, including the area of statistics and economic information. In particular, two recent exercises illustrate the importance now attached to this issue, with the IMF and the United States Agency for International Development (USAID)'s AMIR program respectively focusing on questions concerning economic information in the country, and to some extent trying to help resolve them, as discussed below.²³

8.1 The IMF

At the request of the Jordanian authorities, a mission from the IMF Statistics Department visited Amman during December 2003 to update the Data module of the Report on the Observance of Standards and Codes (ROSC) prepared by a staff team of the IMF in February 2002.

The main objectives of this mission were to review and document the actions taken by the authorities to address the issues raised by the 2002 Data ROSC mission for all macro-economic statistics included in the ROSC exercise (national accounts, price, government finance, monetary, and balance of payments statistics); discuss with the authorities their plans for further improving the quality of the statistics; and review Jordan's current data dissemination practices. During its stay in Amman, the mission met with the Minister of Finance, the Deputy Governor of the CBJ, and the Director of the DoS, and worked closely with the staff in these institutions responsible for the compilation of the relevant datasets.

The mission noted that during the past two years (2002-2004) significant improvements have been made in some important areas highlighted by the 2002 ROSC mission. Improvements in

the institutional environment and the increased allocation of resources for the compilation of government finance and balance of payments statistics are particularly noteworthy, because these actions have addressed important prerequisites for the quality of the statistics.

The methodological soundness, accuracy, and reliability of these datasets have shown significant improvements as a result of these actions. The data sources for the monetary statistics will be enhanced in the near future, when the banking institutions will be requested to complete a new form for reporting monetary data to the CBJ. The new reporting will help strengthen the methodological soundness of monetary data.

The mission also noted that, despite some successes, much work remained to be done in this field. In particular, special consideration should be given to the shortcomings in the coverage of the quarterly GDP and balance of payments statistics, the timeliness of international reserves data and the analytical accounts of the CBJ and the banking sector; and the periodicity and timeliness of data on wages and earnings. Efforts should be made to compile complete data on international investment position and data for the Data Template on International Reserves and Foreign Currency Liquidity (Reserves Template). A summary of the main findings of the mission for each sector is presented in Annex 1.

8.2 USAID

USAID has provided assistance in helping the DoS set up a trade and investment database. In a recent study conducted by the Agency's AMIR program, it was stated that Jordan cannot afford to have its trade and investment-related ministries collect, manage and report trade and investment statistics in the manner that it has over the past few years.

Fragmentation, duplication, inconsistency and the inability to share data between agencies means Jordan cannot plan its policies properly, cannot meet its international reporting obligations, and cannot provide investors and donors with the information they need to make the informed decisions.

Trade and investment agencies need to adopt a minimum set of data standards to clean up the poor state of their current data collections in order to make that data more useful to policy makers and decision makers. That would be a good start to better data management in the

Kingdom. Jordan's trade and investment agencies should agree to adopt a comprehensive trade and investment information system (TIIS) that could pull all elements together in a single, integrated source of Jordanian trade and investment data. For the user of this trade and investment data, the gaps resulted in an unacceptable amount of time required to obtain the data in order to make the right trade and investment policy and decisions. Once obtained, a significant amount of time and expertise is then required to harmonize the data from disparate sources in order to make it useful.

It is currently impossible to obtain consistent and accurate answers to key trade and investment questions in Jordan. Analysis of gaps in Jordan's trade and investment data shows the following:

Physical Challenges

Three different data sets from three different entities exist, namely:

- ✓ Customs: where data is collected for the National Customs area and JIEC exports;
- ✓ MoIT: where QIZ export data is collected; and
- ✓ Aqaba Special Economic Zone Authority (ASEZA): where ASEZ export data is collected.

The datasets required to answer the question had to be obtained through physical requests to the entities involved. Data is collected in a variety of formats, including hard and soft copy, but none of this information is accessible or available online.

Technical Gaps

The data across entities was simply not comparable. For example, ASEZA, Customs, DoS, and MoIT are considered the main suppliers for trade data. However, these entities are using inconsistent country code values.

There were inconsistencies with how country codes were used within the agencies themselves. ASEZA uses inconsistent country codes within its own trade database. This is striking given that ASEZA as an institution is less than four years old and yet it already uses inconsistent data definitions. There are also significant methodological differences in trade data collection. JIEC does not collect time series or historical data for its exports.

There are also problems associated with different commodity classifications used between the TIIS agencies. For example, ASEZA is using an additional chapter (chapter 98) of the

Harmonized System (HS) code, which is not being used by the other TIIS entities. JIEC is using its own commodity and trade sector classification scheme.

These classifications are tailored to meet their own business requirements, which do not need to use the full HS code. The HS code used by the TIIS entities also included Arabic definitions that were not consistent between the TIIS entities.

Data inconsistency is also present within single entities. For example, the DoS is using a different version of the HS code each year. These different versions are caused by minor changes to the Arabic version of the HS code description text.

There are also problems with how trade figures are recorded by currency between the various entities. ASEZA is the only entity that is using currencies other than the Jordanian Dinar (JD) to register trade activities. In some cases, trade activities are registered in a currency that is neither JD nor the US dollar, nor the official currency of the destination country.

Other problems with data being collected by the various TIIS agencies: export data by trade agreement (with the US, EU, or the Arab Free Trade Area etc) is not collected; and there are incompatible investments indicators collected and recorded by each of the different entities. For example, these may include registered capital, invested capital, investment value, or approved capital.²⁴

CONCLUSIONS

Even after a decade and a half of restructuring, both democratization and reform are operating under powerful constraints that preclude the incorporation of demands from below to lawmakers for systemic change. However, Jordan has heeded the need for change in recent years by at least stepping up efforts to boost government performance. The main thrust has been on increasing the bureaucracy's responsiveness, and the system has demonstrated limited transparency. Today, there is a substantial amount of economic material that is available to the public. This information clearly reflects recent reform efforts within Jordan, not only in the economic sector, but also reforms related to democratization and open government. Government departments are now self-conscious about the need to provide accurate information to the public so as to facilitate greater involvement by civil society as well as the

private sector in particular. As for information available to the government from the non-government sector, there is definitely an imbalance. Some outlets, such as the media and development NGOs, do publish material, but a lack of resources as well as access to the higher levels of governmental decision-making suggests that the impact of such information in the law-making process is minimal. Despite the calls for increased dialogue between the government and civil society in general, most policies adopted so far do not achieve such a goal in anything but vague and limited ways.

Well-organized bodies such as the Amman Chamber of Commerce are an important source of expertise and information in the private sector. However, again, it is difficult to assess its role in the law-making process. As for assessing the role of other actors, such as private think tanks and international consultants, we were unable to find any useful secondary information on this.

Resources devoted to lobbying legislators remain limited. Units for legal advice and policy briefings are virtually unknown in both the public and private sectors, which have rarely commissioned studies inside Jordan or anywhere else for clarification of legislative issues. Jordanians instead rely on international data available on the Internet, but even here organizations have yet to reach a stage where purposive and professional research and documentation activities are internalized and sustainable.

Reform efforts in general in Jordan have benefited from substantial and increasing foreign largesse. However, this has gone mainly to the state, and more could be forthcoming to finance specific technical assistance at the business association level. That Jordanian Customs and other state bodies are now taking greater notice of business associations is certainly a step in the right direction. For example, regular meetings with the country's main export group, the Jordan Exporters Association, have proved to be valuable to both sides in airing problems and helping to resolve disputes.²⁵ The process is also an expensive one, however. In such a situation, foreign aid may be and has proved to be an option.

Otherwise, the modest amount of money available locally to CSOs will continue to limit their scope. Under these circumstances, the best possible entry points for aid policy could be the granting of support to the research and documentation departments of business associations.

Other suggestions for entry points to support CSOs would be more practical training for journalists in economic reporting.²⁶

It was difficult to find conclusive evidence about economic data from the non-government sector or indications about how such data was used in the law-making process. The importance of statistical data and the need for it by the public, private, and civil sectors, especially the decision-makers who depend on the statistical data to plan, is not obvious in Jordan today. However, the need for reliable statistical data is clear to donor countries and international organizations²⁷ that require such information for evaluating the internal situation of Jordan. In any case, despite the improvement in the quality and availability of information, the credibility of government pronouncements and statistics remains in question.²⁸

A Best Practice Model that stands out and provides a way forward is Forfás, the Irish national board responsible for providing policy advice to government on enterprise, trade, science, technology and innovation in Ireland. It is recommended as best practice in that it follows a broad principle in providing up-to-date information and statistics that can be trusted, validated and acted upon quickly. Forfás differs from the Irish Central Statistics Office in that it produces more hands-on data that is readily available. The insistence of Forfás on good solid data that is available allows policy makers to analyze information, make recommendations quickly and move swiftly on to implementation.²⁹

Some have raised the possibility of privatizing the DoS and wondered whether such a step would develop and advance its level of operations and achieved. While this remains far-fetched, others have proposed that co-operation and co-ordination channels be opened between the department and private universities noting the universities are an excellent source and a wide audience for the DoS.

ANNEX: *Main Findings of the IMF Mission December 2003*

A. National Accounts

Progress has been made towards enhancing the quality of national accounts statistics. However, the implementation of the authorities' plans for improvement will require a strong commitment and the allocation of some additional resources. The main actions taken by the DoS in the area of national accounts statistics, since the 2002 ROSC mission, include:

- Compilation of price indices for imports and exports for the compilation of GDP at constant prices;*
- Preparation of a study on the revision to the GDP series for 1976-2002;*
- Workshops conducted to enhance quality awareness of data providers and users and to monitor users' needs; and*
- Adoption of a comprehensive training program for national accounts statistics compilers.*

Current plans for further improvements in national accounts statistics include:

- Work towards the compilation of quantity indices for imports/exports and wage indices;*
- Workshops on adjustments for holding gains/losses and the measurement of the informal economy;*
- Dissemination of the study on revisions of the GDP series for 1976–2002; and*
- Dissemination of more detailed quarterly GDP data in the quarterly bulletin.*

B. Price Statistics

Even though the 2002 Data ROSC mission already considered the consumer price index (CPI) and producer price index (PPI) of good quality, the DoS has short-term plans for improvements leading to full observance of international best practices in all data quality dimensions.

C. Government Finance Statistics

The establishment of a statistical division in the MoF of has facilitated significant improvements in government finance statistics since the 2002 Data ROSC mission and the adoption of the Financial Management Reform Project guided by an interministerial committee headed by the Secretary General of the MoF. Some of the actions contemplated in the comprehensive plan to improve the quality of government finance statistics include: seeking feedback from users of government finance statistics to monitor their needs; and the establishment of regular procedures for the verification of internal and inter-sectoral consistency of government finance statistics.

D. Monetary Statistics

In the area of monetary statistics, actions are being taken to improve the quality of the source data and the methodological soundness of the statistical output. In particular, the CBJ is:

- Reviewing a new set of report forms for banking institutions, which the Banking Supervision Department has prepared to facilitate better classification and sectorization of the analytical accounts; and*
- Promoting the adoption of international accounting standards (IAS) by the commercial banks also, the Administrative and Financial and Banking Supervision Departments of the CBJ are in the process of adopting the IAS, in particular with respect to valuation procedures and the recording of financial derivatives within the balance sheet.*

Plans for improving monetary statistics in the short-term include:

- I. Posting of a user survey for monetary statistics on the CBJ website to seek guidance in meeting users' needs;*
- II. Dissemination of more detailed information on the terms and conditions under which monetary statistics are compiled;*
- III. Requesting of online access to the source data maintained by the Administrative and Finance and Banking Supervision Departments of the CBJ; and*
- IV. Establishment of regular procedures for the verification of intersectoral consistency of data.*

E. Balance of Payments Statistics

The establishment of a balance of payments (BOP) division within the Research Department and the allocation of additional resources have facilitated the development of a comprehensive program for the improvement of BOP statistics, including a detailed action plan to address weaknesses in all data quality dimensions. These efforts are being supported by long-term technical assistance from the IMF Statistics Department.

Within the framework of the comprehensive program for improvements, the CBJ plans to undertake the following actions within the next year:

- A. Utilization of further data sources to increase coverage of international transactions of the household and corporate sectors;*
- B. Resolution of most of the existing major gaps in data coverage, including gaps in the financial account statistics and data on international services;*
- C. Development of techniques for systematically analyzing both raw data and statistical aggregates to minimize processing errors;*

- D. Preparation of more comprehensive revision studies on a regular basis to strengthen the statistical process; and*
- E. Establishment of procedures for routinely assessing the quality of data, including examination of the causes of estimation errors and revisions.³⁰*

BIBLIOGRAPHY

Achievement of Market-friendly Initiatives and Results – AMIR Program (USAID):

(2004) A Ford et al “Proof of Concept for a Trade and Investment Information System Draft”

(2002) G Boye “Moving Towards an Integrated Trade and Investment Information System in Jordan”

(2001) G Boye and H Uraidi-Hummudeh “Trade and Investment Information Systems in Jordan”

Central Bank of Jordan (2003) Annual Report 2002, Amman

Higher Council for Science and Technology:

(2003) Kardoosh, M “The Jordanian Economy into the Third Millennium, Second Issue, Staying the Course in a Dim Regional Climate, Developments in 2002-3” Amman

(2002) Kardoosh, M “The Jordanian Economy into the Third Millennium, First Issue: Recovery under Stress; Developments in 2001, Outlook for 2002”

Hourani, H et al, Directory of Civil Society Organizations in Jordan Al Urdun al Jadid Research Center, Sindbad Publishing House, Amman 2001

IMF:

(2004a) Country Report No. 04/32 Jordan: Report on the Observance of Standards and Codes

(2004b) The International Monetary Fund and Jordan: Issues Paper Prepared by the Independent Evaluation Office

Jordan Forum for Economic Development Transparency of Statistical Data in Serving the Private Sector and Economic Decision Makers, Sindbad Publishing House, Amman, 2001

ZEF Projekt: „Verbesserung der Wirtschaftsgesetzgebung in arabischen Ländern“
(überregionales Forschungsvorhaben), Januar 2005

Jomard, A (1997) “Some Characteristics of the Labor Force in Jordan: An Analysis of New Findings” Center for Strategic Studies, University of Jordan, Amman

Jordan, Kingdom of, Ministry of Finance (2004) Government Finance Bulletin, vol 6 no. 8, September 2004

Jordan, Kingdom of, Department of Statistics (2003) Employment and Unemployment Survey, (1st Round) Principal Report, Amman

Jordan, Kingdom of, Ministry of Labor (2003) Annual Report, 2002 Amman

Jordan Times daily:

“House rejects inclusion of speaker, deputies in Financial Disclosure Law” 30 December 2004

“National conference to examine Jordan unemployment in August” by M Ben Hussein, 29 April 1998

Kanaan T (2000) “The Aqaba Special Economic Zone: an Economic Review”, Arab Bank Review, Volume 2, no.2, October 2000

Kanaan, T, and M Kardoosh, (2002) Employment and the Labor Market in Jordan, the Fourth Mediterranean Development Forum, Amman, 2002

Kardoosh, M, (2004) “Qualifying Industrial Zones and the Jordanian Quest for Sustainable Development”, Jordan Centre for Public Policy Research & Dialogue, Amman

“Jordan’s economy from a Western perspective” The Daily Star, 26 November 2002

Kardoosh, M and R al Khouri “Qualifying Industrial Zones and Sustainable Development in Jordan” draft presented to the annual meeting of the ERF, December 2004

Khouri, R, “Jordan a Constitutional tribal Monarchy in transformation” World Bank 2003

al Khouri, R:

(1990) “The Regulatory and Policy Framework for Exports and Foreign Investment in Jordan: a Survey and Proposal for Change” for the USAID Private Services Development (PSD) project, unpublished

(1998) “Be our guest” op-ed piece in the Daily Star Beirut, 19 July 1998

(2000), R “Free Zones and Qualifying Industrial Zones in Jordan” in the Arab Bank Review, Vol.2, No. 2, October 2000

(2004) “Civil Society and Its Role in the Process of Lawmaking in Jordan” for the Jordan Center for Public Policy Research and Dialog

World Bank (2003) “Hashemite Kingdom of Jordan: First Quarter 2003,” Jordan Country Unit

World Economic Forum (2003) The Arab world Competitiveness Report 2002-2003 Oxford University Press, New York

World Trade Organization (1999) Report of the Working Party on the Accession of the Hashemite Kingdom of Jordan to the World Trade Organization, Geneva, December 1999 (WT/ACC/JOR/33, WT/MIN (99)/9)

NOTES

1 As revealed in an author's interview with senior members of the DoS, November 2004.

2 IMF (2003)

3 Jordan Forum for Economic Development Transparency of Statistical Data in Serving the Private Sector and Economic Decision Makers, Sindbad Publishing House, Amman, 2001.

4 There is no doubt that the CBJ's data output has improved over the past decade, partly thanks to technical assistance provided by foreign donors for the preparation of money and banking statistics. In fact, the CBJ has become an exporter of technical assistance to other countries in the region (as revealed in interviews by authors of CBJ staff in November 2004 and January 2005).

5 Author's interview with Ismail Zaghloul, head of the Research Department at the Ministry of Finance

6 Author's interview with Yousuf Nusseir, director of the National Information Center, December 2004

7 al Khouri, R "Civil Society and Its Role in the Process of Lawmaking in Jordan", Jordan Center for Public Policy Research and Dialog November 2004

8 Author's interview with Amin Kawar, board member and former vice-president of the Jordan American Business Association, December 2004

9 Khouri, R, "Jordan a Constitutional tribal Monarchy in transformation" World Bank 2003

10 Calculated from sources at the newspapers themselves

11 See for example, Kardoosh, M "Jordan's Economy from a Western Perspective" an op-ed piece published in the *Daily Star* in November 2002 that raised the ire of an incumbent cabinet minister because of its seemingly negative tone. In fact, the offending figures published were public government statistics, which speaks volumes of the knowledgability and attitude of some in the Jordanian government.

12 See for example the columns of Marwan A. Kardoosh in the *Jordan Times*, 2001 passim.

13 See Sweis, R "Magazine industry booms in Jordan" in the *Star*, Amman, December 16-22 200463.

14 "Jordanian economy recovers from 2003 blues but Is the boom sustainable?" in the Lebanese *Daily Star*, 24 December 2004 The interesting point here is that this article is based on a report prepared by Audi Bank, a Lebanese financial organization which has recently set base in Jordan.

15 "Forums & Media, 2004 Yearender" *Jordan Times*, 31 December 2004.

16 Jomard, A (1997) "Some Characteristics of the Labor Force in Jordan: An Analysis of New Findings" Center for Strategic Studies, University of Jordan.

17 *Jordan Times*, "National conference to examine Jordan unemployment in August", by M Ben Hussein, 29 April 1998

18 Al Khouri, R "Be our guest" op-ed piece in the Lebanese *Daily Star*, 19 July 1998

19 For example, in interviews in December 2004, Gina Farraj Shalhoub, Industrial and QIZ Consultant in the Ministry of Industry and Trade, and Mohammad Shehadi, Director of Administrative Development and Training, Ministry of Labor, gave authors contradictory figures for QIZ employment, with each insisting on the reliability of their respective numbers.

20 Press release by the World Bank's Middle East and North Africa Region office in Washington, 11 July 1998

21 "Bandwagon Economics" by Riad al Khouri in the *Jordan Times*, 15 July 1998

22 "US allocates \$456 million in aid to Jordan next year", *ar-Ra'i*, 5 February 2004

23 The World Bank publishes reports as well as press releases and general economic data relating to Jordan's economic development. Also see the joint funded report by the WB and the Islamic Development Bank for Jordan: www.worldbank.org. The European Union publishes detailed reports about its European Neighborhood Policy. For an example of its latest report detailing recent reforms in Jordan, see:

(http://europa.eu.int/comm/world/enp/pdf/action_plans/Proposed_Action_Plan_EU-Jordan.pdf)

24 AMIR (2004) "Proof of Concept for a Trade and Investment Information System Draft"

25 Information obtained from Halim Aburahme, general manager of the JEA, interviewed by an author in December 2004.

26 As discussed in an author's interview with Tudor Lomas, director of Jemstone, December 2004. For more information on such training, see www.jemstone.net, the website of the Jemstone network, which has been active in media development in the region in general and Jordan in particular for close to a decade.

27 In any case, attitudes towards these organizations have changed sometimes for the better. For example, some Members of Parliament (MPs) are satisfied with the current Minister of Finance as being the first to allow IMF missions visiting Jordan to interact with Parliament (revealed in interviews by an author with MPs, November 2004).

28 As expressed by a number of former officials interviewed by an author in November 2004, some of whom claimed that figures for aid money coming in to Jordan as well as the growth figures being announced for 2004 may be inaccurate.

29 According to AMIR as well as individual experts, including former Director of the Irish Tourism Board Matt McNultey, interviewed by an author November 2004

30 IMF (2004a) Jordan: Update to the Report on the Observance of Standards and Codes.