



THE HASHEMITE KINGDOM OF JORDAN

General Budget Department

Budget In Brief

for the Fiscal Year 2011



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June 2011

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Our Vision

A transparent public budget that strengthens the pillars of sustainable development and presides over good international practices

Our Mission

The best allocation of available financial resources, in accordance with advanced methodologies that enable the ministries, government departments and units to achieve the national objectives and priorities, surpassing service recipients' expectations

Our Values

**Learning
Transparency
Collaboration
Impartiality
Responsibility**



Introduction

To deepen the concept of Results-oriented Budgeting (ROB) and apply the best international practices by the General Budget Department, **Budget In Brief** was developed. It is a brief, simple, and analytical document that is consistent with the international practices. It also raises the assessment of relevant international bodies for Jordan's budget management, especially in terms of transparency in preparing and implementing the budget, and promoting the principle of informed participation in this area.

Budget In Brief, which is issued for the first time, provides a brief on the General Budget Law for 2011. It examines the following subjects:

- Summary of economic and fiscal performance for 2010.
- Budget assumptions for 2011.
- Macroeconomic projections for 2011.
- Main budget features for 2011.
- New characteristics of the 2011 Budget.
- Mechanism of general budget preparation.
- Budget calendar; and
- Potential risks that the general budget might face in the medium-term.




Summary of Economic & Fiscal Performance for 2010

In light of the global economic and financial crisis that negatively affected the economies of most developed countries, and whose consequences impacted other countries in the world, including Jordan, governments worldwide undertook strict corrective measures to deal with imbalances resulted from the crisis. The global crisis was accompanied with increased governmental expenditures, thus leading to a big increase in Jordan's general budget deficit that exceeded JD 1.5 billion in 2009.


The most important actions taken in Jordan are represented in controlling public expenditures, especially current expenditures, by having all governmental agencies reduce their current expenditures by 20% of their operational expenditures. Moreover, vehicle and furniture procurement was stopped, and new employment was frozen, except for the Ministry of Education and the Ministry of Health. Furthermore, costs of travel and hospitality were reduced, and water, electricity, telephone, fuel and other costs were decreased without negatively affecting the level of services provided for the citizens.

In 2010, the Jordanian government also took a number of



measures aiming at promoting a number of economic sectors. Land registration fees and property sale tax were reduced by 50% to improve activity in the real estate market, and increase the volume of local and foreign investments in this sector, which is strongly interrelated with various economic sectors. In the same context, residential real estates were fee-exempt for the first 150 m². The exemption is not limited to transactions implemented by housing companies, but it further extends to cover sales operations carried out between citizens themselves. The retention period of a real estate was also reduced for investment companies with a view to enabling them to have liquidity needed for their businesses.

In the transportation sector, a minimum fee was established for transferring goods via trucks for six months in order to operate and organize the public transportation fleet. Moreover, in order to provide farmers with required funding, the capital of the Agricultural Credit Corporation was increased from 35 to 50 million dinars. In terms of export promotion, the government extended full goods and services exemption from the income tax for an indefinite period. Various sectors benefited from such exemption, especially industry as well as IT and software sectors. With a view to enhancing the standard of living for the



citizens, the government took a number of measures that had a direct effect in this respect. For example, it reduced public transportation fees through subsidizing transportation for university students, increased allocations for the Needy Student Fund and National Aid Fund, and expanded the School Nutrition Program.

The urgent measures taken by the government in 2010 contributed to many positive results achieved by our national economy. The gross domestic product at real prices grew by 3.1% in 2010 compared to 2.3% in 2009. This was accompanied with the reduction of the unemployment rate to reach 12.5% in 2010 compared to 12.9% in 2009.

This is attributed to improvement in domestic demand, both consumption and investment, in 2010 compared to 2009. Such improvement is due to the positive developments in the local investment environment and to the growth in credit facilities granted by banks to the private sector. They increased by 8.5% at the end of 2010 compared to a growth that did not exceed 2.1% in 2009. Furthermore, the improved economic performance is due to improvement in external demand for the Kingdom's goods and services in light of economic recovery in the region in particular and world countries in general.






As for foreign trade and the balance of payments, the Kingdom's exports surged by 17.8% in 2010 while decreased by 19.2% in 2009. Imports also increased by 7.2% while decreased by 16.2% in 2009. These are clear indicators for the improvement in the economic activity, and the recovery of the national economy from the global crisis and its repercussions.

The current account of the balance of payments registered a deficit of 835,8 million dinars in 2010 compared to 802,4 million dinars in 2009. The ratio of the deficit to GDP was 4.3% in 2010 compared to 4.5% in 2009, as a result of the increase in imports of crude oil and its derivatives as well as foodstuff in 2010. This resulted from the significant increase of commodity prices in international markets.

According to available data, the Kingdom's bill for imported crude oil and its derivatives increased to 1,987 million dinars in 2010 compared to 1,396 million dinars in 2009, registering an increase of 42,3% approximately. On the other hand, the bill for imported foodstuff reached around 1,541 million dinars with an increase of 53 million dinars, i.e. 3.5% in 2010.

The Kingdom's inflation rate was affected by these changes. It reached around 5.0% in 2010. Examining its components,



it is noted that the prices of "foodstuff" group increased by 5,0%, while prices of "other goods and services" increased by 6,3%, and "housing" increased by 4,2%. However, the increase in prices of "clothes and shoes" did not exceed 1,9%.

With regard to monetary developments, data issued by the Central Bank indicate that local liquidity grew by 11,5% at the end of 2010 compared to 9,3% at the end of 2009. The increase in local liquidity during this year came mainly as a result of the increase in net domestic assets that increased by 9,8% compared to a 0,6% decrease in 2009. This indicates the increase in the contribution of the banking system in funding various economic activities through credit facilities provided to both public and private sectors alike during 2010.

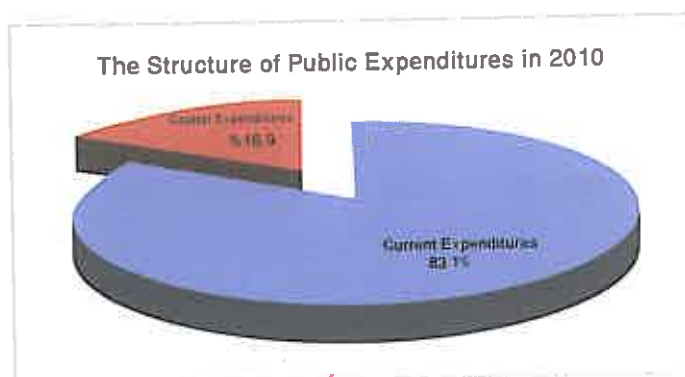
The Central Bank continued to maintain a convenient level of foreign currency reserves that increased to more than 12.2 billion dollars at the end of 2010, with an increase of 1,360 million dollars, i.e. 12.5% compared to their level in 2009. They covered more than eight months of the Kingdom's imports of goods and services.


With respect to the public finance and public debt, the



government paid significant attention to this sector, aiming at restoring the balance of the public finance that is considered a main pillar of sustainable development, especially after the 2009 fiscal deficit exceeded safety limits. The government was able to reduce the fiscal deficit by half a billion dinars approximately, i.e. 30.6% compared to its level in 2009. The deficit thereby reached 1,046 million dinars in 2010, forming a 5.4% of GDP. It was reduced by more than 3 percentage points of GDP compared to its level in 2009, thanks to all continuous efforts exerted in this field.

Public expenditures fell down by 5.3% compared to their level in 2009 to reach 5,708.2 million dinars, i.e. 29.2% of GDP compared to 33.9% in 2009. This reduction was a result of the decrease in capital expenditures by 33.4% and the increase in current expenditures by 3.5% compared to their levels in 2009.






The decrease in capital expenditures in 2010 indicates that they turned back to their normal level, whether in absolute numbers or as a percentage of GDP. However, the increase in current expenditures in 2010 is mainly attributed to the increase in teacher salaries by 25%, increased financial allocations to cover the university study costs for children of teachers admitted to public universities, and increased gas subsidy allocations to expand the middle-income segment and protect the poor.

Domestic revenues have increased by 1.7% in 2010 compared to their registered level in 2009. This came mainly as a result of the increase in sales tax by 17.6% compared to its level in 2009, on the one hand, and the decrease in the revenues of income tax and profits by 18.3%, and "property sales tax and land registration fees" by 5.0%, on the other hand.

The main reason for the reduction of income tax revenues in 2010 is the decrease in the profits of public shareholding companies in 2009, especially banks, due to the consequences of the global financial crisis. However, the increase in sales tax revenues is due to measures taken in 2010. One of the main measures is the increase in special sales tax on certain non-staple commodities such as tobacco, cigarettes, alcoholic drinks, mobile phones, e-tracking, international calls, and gasoline.

In the same regard, the government took into consideration





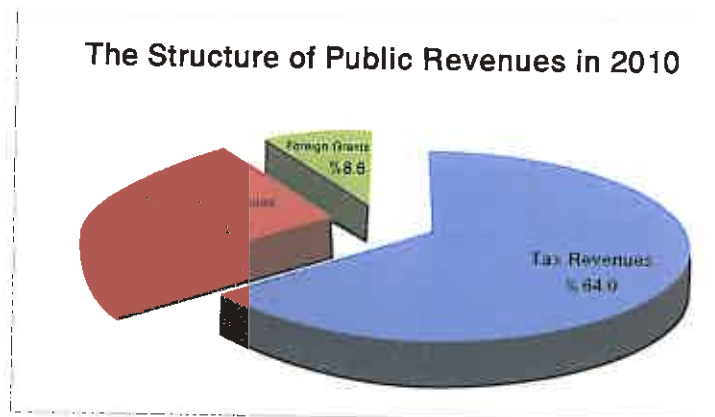
to accompany such actions with some measures to protect the poor and expand the middle-income segment. Therefore, the government increased subsidies for bread and gas in light of increase in global prices, and maintained the exemptions of basic foodstuffs as they have a direct impact on a wide range of segments in the society.

Furthermore, the new Income Tax Law reduced taxes imposed on all taxpayers, especially individuals. It also contributed to increasing the purchasing power of this large segment of citizens that, in turn, contributed to protecting both middle-income and the poor segments equally.

The new Income Tax Law also contributed to promoting investment and addressing bottlenecks in some national economic sectors to enable them to achieve high growth rates. This was accomplished through decreasing income tax by different percentages for all companies working in several economic sectors. In addition, income derived from exports continued to be exempted. Sales tax was also reduced for hotel rooms from 16% to 8% with a view to promoting the tourism sector and increasing its contribution to GDP.

In this regard, the government borrowed about 750 million dollars in November this year through floating bonds in the international market. The coverage surpassed the volume of bonds floated by 324%, and the interest rate did not exceed 3.875%. This reflects foreign investors' trust in the Jordanian economy, and the attraction of the local investment environment.

There is no doubt that such borrowing, in addition to its positive effects on foreign investment flows to the Kingdom, contributes to help the private sector to obtain funding from the local banking institutions, and avoid competition with the public sector in this area.



In light of developments of the public finance, the net public debt has reached around 11,462.8 million dinars at the end of 2010, i.e. 58.7% of GDP compared to 9,660 million dinars, i.e. 54.2% in 2009. This debt is divided to 60% for net domestic debt and 40% for foreign debt.

Development Of Main Economic Indicators

Indicator	2009	2010
GDP growth at constant prices	2.3 %	3.1 %
Inflation rate	-0.7 %	5.0 %
Unemployment rate	12.9 %	12.5 %
Growth of domestic exports	-19.2 %	17.8 %
Growth of imports	-16.2 %	7.2 %
Bill of crude oil & its derivatives (million dinars)	1,396	1,987
Current account deficit as a percentage of GDP	-4.5 %	-4.3 %
Growth of domestic liquidity	9.3 %	11.5 %
Official foreign currency reserves (billion dollars)	10.9	12.2

Indicator	2009	2010
Growth of credit facilities granted by commercial banks	2.1%	8.5%
Public expenditures (million dinars) as a percent of GDP	6,030.6 33.9%	5,708.2 29.2 %
Public revenues (million dinars) as a percent of GDP	4,521.3 25.4%	4,661.8 23.9%
General budget deficit (million dinars) as a percent of GDP	-1,509.3 -8.5%	-1,046.4 -5.4%
Foreign debt (million dinars) as a percent of GDP	3,869.0 21.7%	4,610.8 23.6%
Domestic debt (million dinars) as a percent of GDP	5,791.0 32.5%	6,852.0 35.1%






Budget Assumptions for 2011

To ensure the restoration of public finance balance, and to stimulate investment conducive to high real growth rates for our national economy and to increase new and renewed job opportunities for our labor force, the government shall continue exerting more efforts to deepen the fiscal and economic reforms in the Kingdom. The reform approach shall ensure the optimal allocation of available financial resources by sector and location. Moreover, it shall ensure improvement in public expenditure efficiency and productivity, which, in return, shall minimize and contain the general budget deficit within safety limits. Such a step shall maintain fiscal and monetary stability in the Kingdom that is considered the main pillar of economic growth viability.

We shall move in solid steps toward strengthening a comprehensive reform process and its several dimensions, viz: financial, economic, and social dimensions. Those dimensions are based on main principles and cornerstones, of which participation, social solidarity,






accountability, transparency, and follow-up top these principles. They can be achieved through implementing the medium-term expenditure framework, and deepening the Results-oriented Budgeting (ROB) concept as well as gender- and child-responsive budgets.

This shall strengthen the capacity of the national economy in terms of dealing with new economic and fiscal developments efficiently and ably. Such principles shall also enable the Kingdom to fulfill its commitments, strengthen its credibility before donors and lenders, and improve local investment environment and investor's trust in the Jordanian economy. In addition, they shall stimulate the economic growth with a view to witnessing its positive effects by the citizens in all governorates.

The government is willing to take required administrative and legislative measures, and complete the main infrastructure of decentralization to strengthen the participation of local communities in the developmental process.







In light of elaborated discussions conducted by sectoral ministerial committees on continuous, underway and new capital projects consistent with our national priorities and in harmony with the Executive Development Program, the ceiling of total public expenditure along with partial ceilings were identified in the 2011 budget. The identification is based on a set of cornerstones as follows:

- 1) Progress at solid and clear-cut steps in fiscal and economic reform processes that aim at enabling the fiscal policy to reduce the general budget deficit and public debt to safety levels. In addition, achieve fiscal stability that strengthens the cornerstones of financial and monetary stability in the Kingdom, promotes Jordan's position on the global investment map, and strengthens its credit rating in international financial markets.
- 2) Depend more on our domestic revenues to cover public expenditure in light of the reduction of foreign grants to the Kingdom. This dependence shall be accompanied by rigorous efforts to enhance public expenditure and its productivity. It shall ensure the improvement of government services given to the citizens, and distribute development gains to all governorates in the Kingdom.



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- 3) Allocate available financial resources to ensure the distribution of development benefits to all governorates on equal footing. Such a step shall pave the way to implement the decentralization approach, and activate the participation of local communities in identifying their main developmental needs in all governorates. In addition, controls ensuring that all governorates receive their allocated appropriations shall be developed.
 - 4) Strengthen local investment environment through providing an integrated legislative system that aims at attracting domestic and foreign investments to expand the scope of the private sector's contribution to the economic activity in the Kingdom. In addition, deepening public and private partnership to implement vital mega development projects in main sectors. Such an effort aims, on the one hand, to meet the needs of the citizens all over the Kingdom. On the other hand, it aims to reduce financial burdens on the public treasury.
 - 5) Continue rigorous progress toward the implementation of the ROB. Moreover, deepen the ROB concept in government institutions, in order to achieve the desired results of financial appropriations allocated to their programs, and strengthen transparency and accountability principles.
 - 6) Commit to the public debt ceiling as a percentage of GDP. The ceiling shall not exceed 60% as identified in the Public Debt Management Law. This aims to strengthen the Kingdom's credibility on regional and international






levels in terms of solid progress made toward fiscal reform in particular and economic reform in general. and

- 7) Select development projects that have economic and social returns, create job opportunities, and stimulate investment in all governorates, in accordance with national priorities stated in the National Agenda and "We Are All Jordan" documents. It shall also take into account the capability of each government ministry and department to implement those projects on time and realize desired levels.

Revenue and expenditure projections for 2011-2013 were based on the assumed adoption of the following policies and measures by the government:


1. Control operating expenditures, especially items related to fuel, electricity, water, telephone, and travel expenses by highlighting the Cabinet's decisions issued in this respect. The use of government cars shall be minimized, delegation and official committee's travels shall be confined to urgent needs, and receipt of official delegations shall be controlled. Moreover, expenses of official banquets shall be limited, expenses on official advertisements in newspapers and other mass media shall be rationed, and renting of government buildings shall be reduced. All government ministries and departments should commit to clear due bills for those





expenditures during the same year without any postponement.

2. Limit subsidies provided to government units, current subsidy in particular, and urge units to depend on their domestic revenues to cover their expenditures.
3. Continue merging government institutions of similar tasks. Moreover, no new government institutions or bodies shall be established.
4. Amend the Expropriation Law in order to reach a fair amount of compensation for both parties by changing the present applicable mechanism that places heavy financial burdens on the public treasury.
5. No change orders shall be made on projects whose tenders were awarded in accordance with the Government Works Bylaw as well as the Supplies Bylaw unless a commitment document was obtained in due form. Consequently, legislation regulating such a case should be amended.
6. Continue stopping car and furniture purchase.
7. Allocate extra appropriations to subsidize official universities as of the 2011 budget by 40 million dinars due to the elimination of the Extra University Fees Law and its Amendments.

- 
8. Increase living cost allowances by 20 JD for each worker and retiree in both civil and military agencies as of 2011. The cost was estimated at 165 million dinars.
 9. Support the Civil and Military Service Consumer Corporations by 10 million dinars each with a view to subsidizing the prices of staple commodities sold to customers; and
 10. Eliminate tax on diesel and kerosene, and reduce it on gasoline Octane 90 by 6% to reduce burdens placed on citizens, especially the poor and middle- and low-income segments.






Macroeconomic Projections for 2011

**The 2011 budget is developed based on the
Following main projections:**

1. Regional and global economies shall continue recovering from the consequences of the global financial and economic crisis. The recovery shall reflect positively in the performance of our national economy.
2. Global petrol prices shall range between \$90-95 per barrel.
3. GDP growth shall reach 9%-10% at current prices during 2011-2013. However, it shall reach 3.5%- 4% in 2011, 4.5% in 2012, and 5% in 2013 at real prices.
4. Inflation rate measured by consumer price index shall reach 5%-5.5%, 4.5% and 4% in 2011, 2012 and 2013 respectively.
5. National exports shall grow at 8% in 2011 and 10% in 2012 and 2013 respectively.
6. Imports shall grow at 7% in 2011 and 8.5% in 2012 and 2013.

- 
7. Remittances of Jordanians working abroad shall grow at 5-6% in 2011 and 5-7% in 2012 and 2013.
 8. The current account of the balance of payments as a percentage of GDP shall decrease from 7.6% in 2010 to 7.4% in 2011. It shall continue decreasing to reach 6.9% in 2012 and 2013.
 9. The volume of credit facilities granted by commercial banks to the private sector shall increase by 7% in 2011 and 9% in 2012 and 2013.
 10. Sufficient levels of foreign currency reserves shall be maintained by the Central Bank to cover the Kingdom's imports of goods and services for seven to eight months; and
 11. The balance of the net public debt shall not exceed the ceiling stated in the Public Debt Management Law that is 60% of GDP at current prices during 2011-2013.



Macroeconomic Projections For 2011 – 2013

(%)

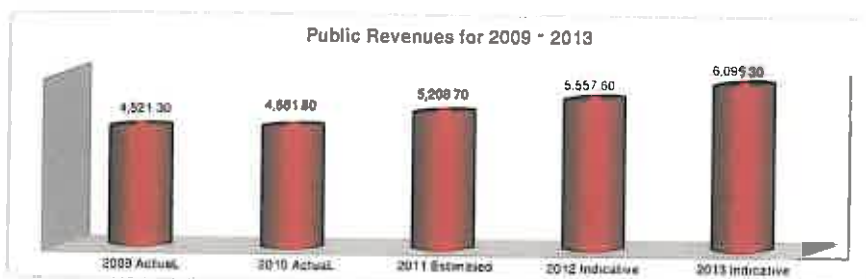
	2011	2012	2013
Growth of GDP at current prices	9,0-10,0	9,0-10,0	9,0-10,0
Growth of GDP at real prices	3,5 - 4,0	4,5	5,0
Inflation rate (CPI)	5,0-5,5	4,5	4,0
Growth of exports	8,0	10,0	10,0
Growth of imports	7,0	8,5	8,5
Current account deficit as a percent of GDP	7,4	6,9	6,9
Growth of Jordanian remittances	5,5	6,0	6,0
Growth of credit facilities	7,0	9,0	9,0
Import Coverage of Foreign Reserves (in months)	7 - 8	7 - 8	7 - 8



Main Budget Features for 2011

I. Public Revenues

Public revenues for 2011 are estimated at around 5,208.7 million dinars, which is around 24.8% of GDP against 23.9% in 2010. However, it is expected that this ratio shall reach 24.1% and 24.2% in 2012 and 2013 respectively.

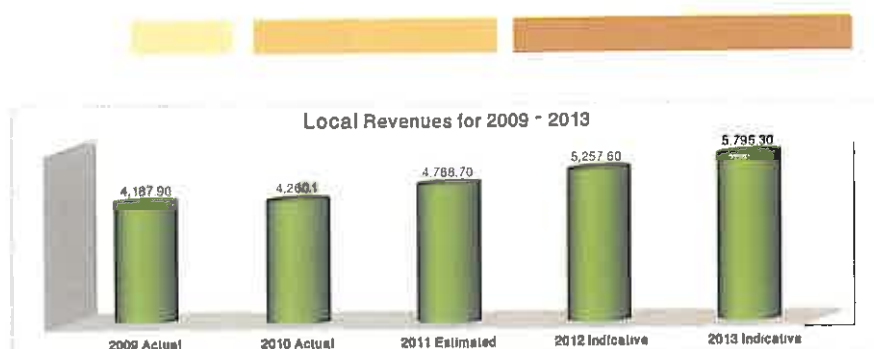


Those revenues are distributed as follows:

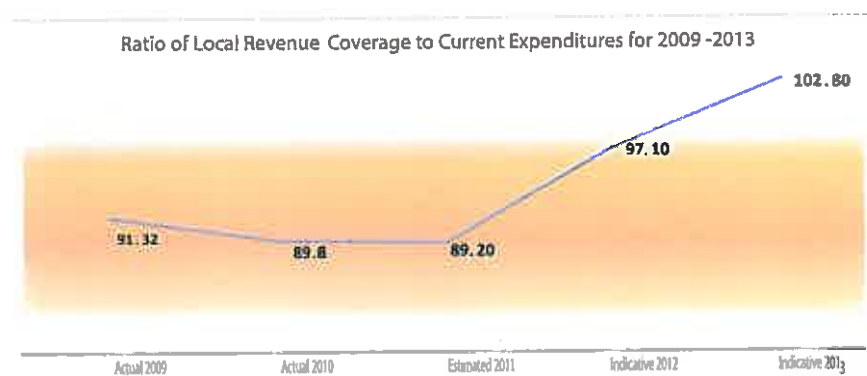
1. Local Revenues:

Local revenues in 2011 are estimated at around 4,768.7 million dinars, registering a growth of 11,9% compared to their level in 2010. Their ratio to GDP shall reach about 22,7% compared to 21,8% in 2010.





Accordingly, the ratio of local revenue coverage to current expenditures shall fall from 89,8% in 2010 to 89,2% in 2011. However, it shall increase to reach 97,1% in 2012 and to cover all current expenses plus about 11,9% of capital expenditures in 2013. This proves expected improvement in strengthening the principle of self-dependence.



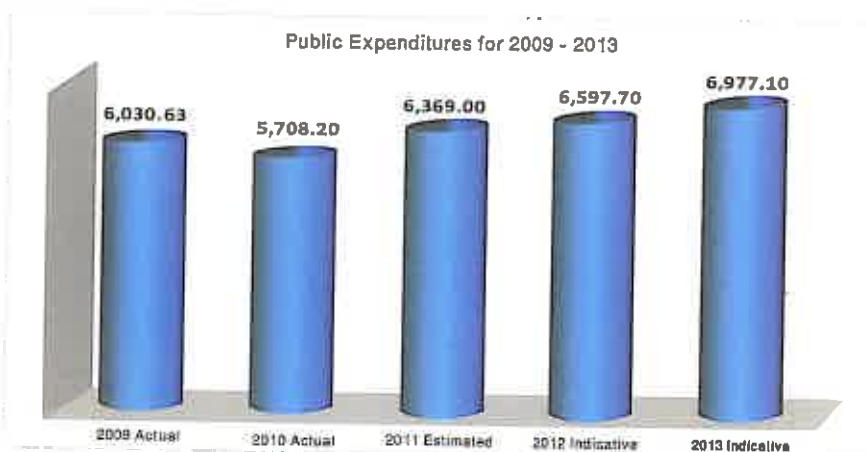
2. Foreign Grants:

Foreign grants are estimated at 440 million dinars in 2011 compared to 401.7 million dinars in 2010.

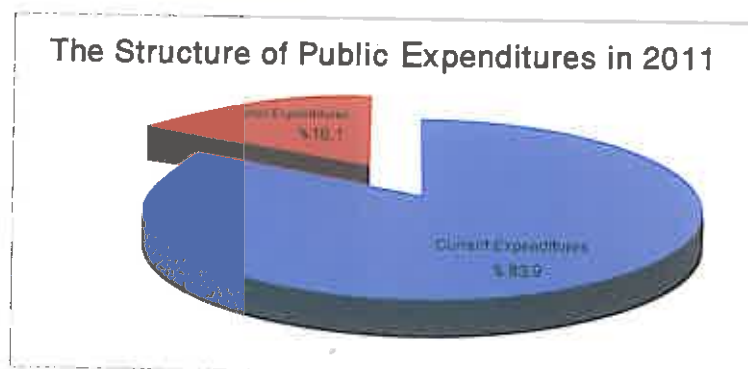


II. Public Expenditures :

Public expenditures are estimated at 6,369.0 million dinars in 2011 compared to 5,708.2 million dinars in 2010. They increase by 660.8 million dinars (11.6%), i.e. forming 30.3% of GDP compared to 29.2% in 2010.

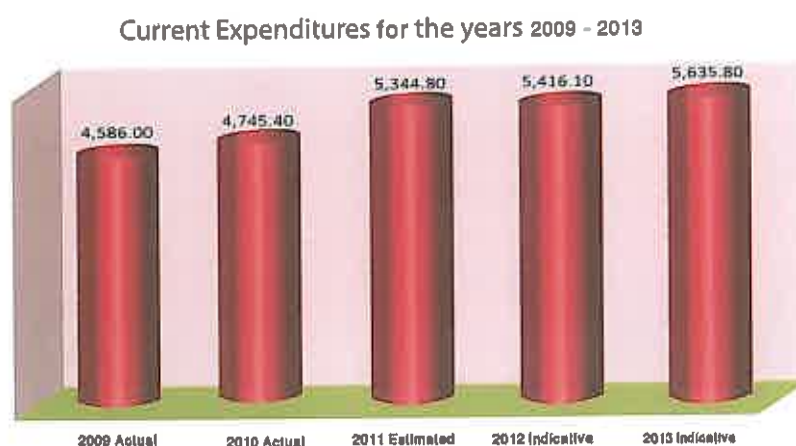


It is expected that this percentage shall decrease to 28,6% in 2012 then to 27,7% in 2013. Public expenditures are distributed as follows:



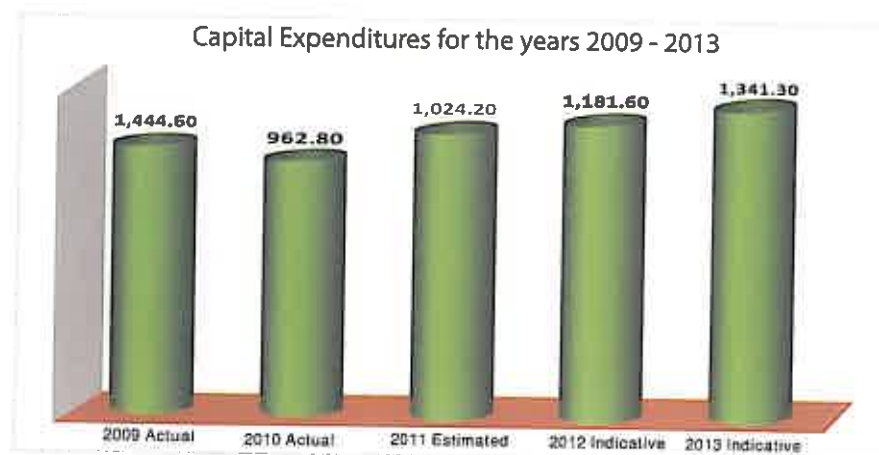
1. Current Expenditures:

Current expenditures are estimated at 5,344.8 million dinars in 2011, with an increase of no more than 599.4 million dinars (12.6%) compared to their level in 2010. They shall form around 25.5% of GDP against 24.3% in 2010. This percentage is expected to decrease to 23.4% and 22.4% in 2012 and 2013 respectively.

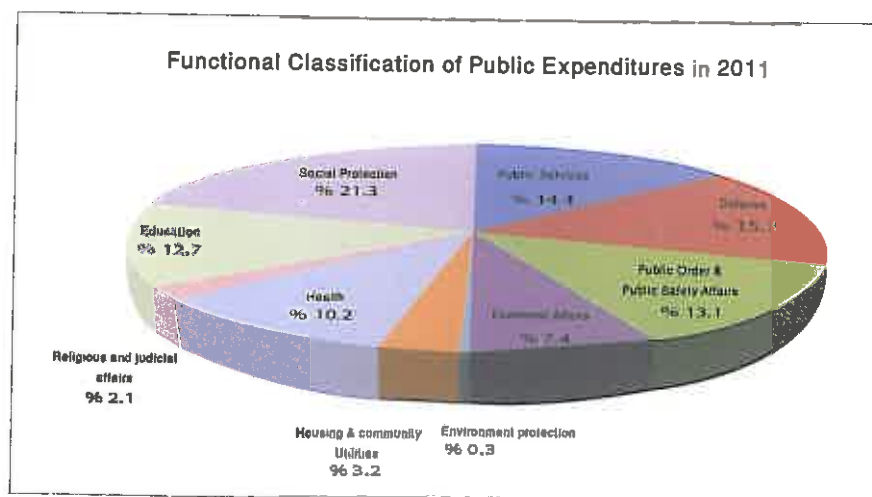


2. Capital Expenditures:

Capital expenditures are estimated at around 1,024.2 million dinars in 2011, i.e. 4.9% of GDP. Thereby, they register a 61.4 million dinars increase or 6.4% over their level in 2010.

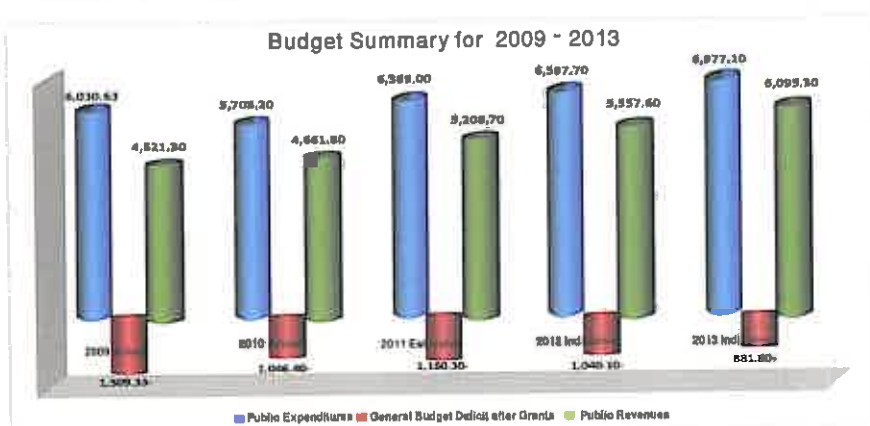
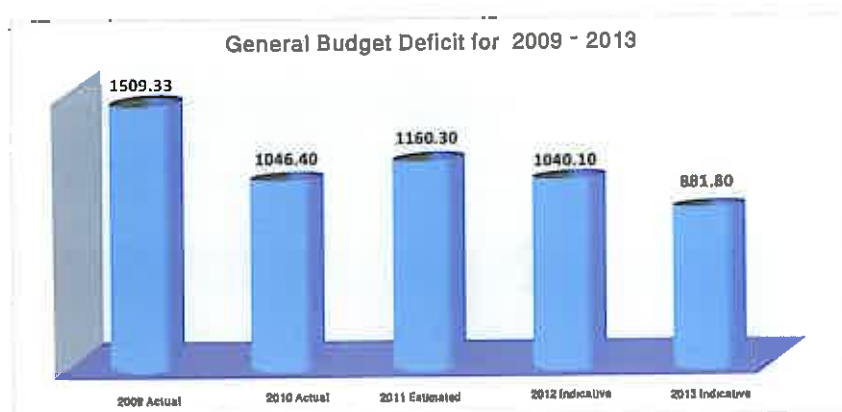


It is expected that the ratio of those expenditures to GDP shall increase to 5.1% in 2012 and 5.3% in 2013, reaching 16.1% of total expenditures.



III. Fiscal Deficit:

Based on the developments of revenues and expenditures, it is expected that the fiscal deficit shall reach (after foreign grants) about 1,160.3 million dinars or 5.5% of GDP in 2011 compared to a deficit of 5.4% in 2010. It is also expected to continue falling to 4.5% in 2012 and 3.5% in 2013, reaching safety limits recognized internationally.



Summary of the General Budget for 2009 - 2013

(Million JD)

Description	Actual 2009	Actual 2010	Estimated 2011	Indicative 2012	Indicative 2013
Domestic revenues	4,187.9	4,260.1	4,768.7	5,257.6	5,795.3
Foreign grants	333.4	401.7	440.0	300.0	300.0
Overall public revenues	4,521.3	4,661.8	5,208.7	5,557.6	6,095.3
Current expenditures	4,586.0	4,745.4	5,344.8	5,416.1	5,635.8
Capital expenditures	1,444.6	962.8	1,024.2	1,181.6	1,341.3
Total public expenditures	6,030.6	5,708.2	6,369.0	6,597.7	6,977.1
General budget deficit					
including grants	-1,509.3	-1,046.4	-1,160.3	-1,040.1	-881.8
Excluding grants	-1,842.7	-1,448.1	-1,600.3	-1,340.1	-1,181.8
General Budget Deficit as a percentage of GDP					
including grants	-8.5%	-5.4%	-5.5%	-4.5%	-3.5%
Excluding grants	-10.3%	-7.4%	-7.6%	-5.8%	-4.7%
GDP at current prices	17,815.6	19,527.9	21,000.0	23,100.0	25,200.0

Financial Solvency Indicators

Description	Actual 2009	Actual 2010	Estimated 2011	Indicative 2012	Indicative 2013
Ratio of Public revenues to GDP	25.4%	23.9%	24.8%	24.1%	24.2%
Ratio of local revenues to GDP	23.5%	21.8%	22.7%	22.8%	23.0%
Ratio of foreign grants to GDP	1.9%	2.1%	2.1%	1.3%	1.2%
Ratio of Public expenditures to GDP	33.8%	29.2%	30.3%	28.6%	27.7%
Ratio of current expenditures to GDP	25.7%	24.3%	25.5%	23.4%	22.4%
Ratio of capital expenditures to GDP	8.1%	4.9%	4.9%	5.1%	5.3%
Ratio of capital expenditures to public expenditures	24.0%	16.9%	16.1%	17.9%	19.2%
Ratio of local revenue coverage to public expenditures	69.4%	74.6%	74.0%	79.7%	83.1%
Ratio of local revenue coverage to current expenditures	91.3%	89.8%	89.2%	97.1%	102.8%



Total Estimated Public Expenditures for the Fiscal Year 2011

No.	Chapter	Title	Expenditures			Total	Total of Chapter
			Current	Treasury	Capital		
7101	Department of Agriculture		853390.00			853390.00	853390.00
7201	Department of Health		1866000.00			1866000.00	1866000.00
7301	Department of Education		607339.00	78807.00		786146.00	786146.00
7401	Department of Public Administration and Office Management		663400.00	448.00		663848.00	663848.00
7501	Department of Finance		3250.00	1888.00		5138.00	5138.00
7601	Department of Social Services		27085.00	700.00		27785.00	27785.00
7701	Department of Environment		21600.00	2780.00		24380.00	24380.00
7801	Department of Natural Resources		84300.00	1080.00		85380.00	85380.00
7901	Department of Public Safety		68330.00	778.00		69108.00	69108.00
8001	Department of Health Services		108300.00	3350.00		111650.00	111650.00
8101	Department of Social Services		149330.00	9080.00		158410.00	158410.00
8201	Department of Social Services		8700.00	9380.00		18080.00	18080.00
8301	Department of Social Services		657186.00	32230.00		689416.00	689416.00
8401	Department of Social Services		975407.00	36335.00		1011742.00	1011742.00
8501	Department of Social Services		144700.00	1870.00		146570.00	146570.00
8601	Department of Social Services		159910.00	26330.00		186240.00	186240.00
8701	Department of Social Services		83050.00	2045.00		85095.00	85095.00
8801	Department of Social Services		388200.00	37400.00		425600.00	425600.00
8901	Department of Social Services		1235010.00	24000.00		1259010.00	1259010.00
9001	Department of Social Services		198000.00	13700.00		211700.00	211700.00
9101	Department of Social Services		18010.00	10800.00		28810.00	28810.00
9201	Department of Social Services		97300.00	57000.00		154300.00	154300.00
9301	Department of Social Services		285120.00	29920.00		315040.00	315040.00
9401	Department of Social Services		111800.00	5810.00		117610.00	117610.00
9501	Department of Social Services		198000.00	13700.00		211700.00	211700.00
9601	Department of Social Services		170700.00	4500.00		175200.00	175200.00
9701	Department of Social Services		163860.00	3300.00		167160.00	167160.00
9801	Department of Social Services		543800.00	9300.00		553100.00	553100.00
9901	Department of Social Services		10720.00	4600.00		15320.00	15320.00
10001	Department of Social Services		478070.00	8160.00		486230.00	486230.00
10101	Department of Social Services		7860.00	87000.00		94860.00	94860.00
10201	Department of Social Services		3070.00	1680.00		4750.00	4750.00
10301	Department of Social Services		119710.00	48000.00		167710.00	167710.00
10401	Department of Social Services		38450.00	37500.00		75950.00	75950.00
10501	Department of Social Services		380270.00	83100.00		463370.00	463370.00
10601	Department of Social Services		48197.00	28100.00		76297.00	76297.00
10701	Department of Social Services		78320.00	38400.00		116720.00	116720.00
10801	Department of Social Services		25000.00	25400.00		50400.00	50400.00
10901	Department of Social Services		3720.00	45000.00		48720.00	48720.00
11001	Department of Social Services		12000.00	62400.00		74400.00	74400.00
11101	Department of Social Services		10800.00	14800.00		25600.00	25600.00
11201	Department of Social Services		78300.00	43300.00		121600.00	121600.00
11301	Department of Social Services		397800.00	20870.00		418670.00	418670.00
11401	Department of Social Services		189700.00	84700.00		274400.00	274400.00
11501	Department of Social Services		82400.00	20100.00		102500.00	102500.00
11601	Department of Social Services		79820.00	48200.00		128020.00	128020.00
11701	Department of Social Services		647800.00	21800.00		669600.00	669600.00
11801	Department of Social Services		478300.00	28300.00		506600.00	506600.00
11901	Department of Social Services		360700.00	88400.00		449100.00	449100.00
12001	Department of Social Services		1070400.00	180000.00		1250400.00	1250400.00
12101	Department of Social Services		118010.00	53000.00		171010.00	171010.00
12201	Department of Social Services		27200.00	87400.00		114600.00	114600.00
12301	Department of Social Services		7880.00	8100.00		15900.00	15900.00
12401	Department of Social Services		8240.00	5700.00		13940.00	13940.00
12501	Department of Social Services		187380.00	78300.00		265680.00	265680.00
12601	Department of Social Services		18800.00	1800.00		20600.00	20600.00
12701	Department of Social Services		178000.00	124300.00		302300.00	302300.00
12801	Department of Social Services		178000.00	124300.00		302300.00	302300.00
Total			8240000.00	1460100.00	341800.00	9641900.00	9641900.00

Allocations Estimated for Females in 2011, by Capter

(JD)

Chapter No.	Title	2011
0101	Royal Hashemite Court	2851250
0201	Parliament	1908970
0301	Prime Ministry Cabinet	3753701
0302	Prime Ministry Cabinet/Legislation & Opinion Bureau	119556
0303	Prime Ministry Cabinet/Joint Procurement Department	179877
0304	Prime Ministry Cabinet/Jordan News Agency	447696
0350	Ombudsman Bureau	272080
0380	Ministry of Parliamentary Affairs	240800
0401	Audit Bureau	1576190
0501	Ministry of Public Sector Development	456162
0601	Civil Service Bureau	569621
0701	Ministry of Political Development	247676
0901	Royal Jordanian Geographic Center	350220
1001	Ministry of Interior	3863557
1002	Ministry of Interior/ Civil Status & Passports Department	1759599
1101	Ministry of Justice	7635796
1201	Supreme Judge Department	340000
1301	Ministry of Foreign Affairs	9489464
1401	Ministry of Foreign Affairs/ Palestinian Affairs Department	952218
1501	Ministry of Finance	355920000
1502	Ministry of Finance/ General Budget Department	349090
1503	Ministry of Finance/ Jordanian Customs	366000
1504	Ministry of Finance/ Lands & Survey Department	2993900
1505	Ministry of Finance/ General Supplies Department	279720
1506	Ministry of Finance/ Income & Sales Tax Department	3940000
1601	Ministry of Industry & Trade	2728869
1602	Ministry of Industry & Trade/ Companies Controller Department	242270
1701	Ministry of Planning & International Cooperation/ National Council for Planning	27084100
1702	Ministry of Planning & International Cooperation/ Department of Statistics	1602626
1801	Ministry of Tourism & Antiquities	421000
1802	Ministry of Tourism & Antiquities/ Department of Antiquities	610000
1901	Ministry of Municipalities Affairs	1244155
2001	Ministry of Energy & Mineral Resources	705900
2002	Ministry of Energy & Mineral Resources/ Natural Resources Authority	416500
2101	Ministry of Public Works & Housing	1790900
2102	Ministry of Public Works & Housing/ Government Tenders Department	510980
2103	Ministry of Public Works & Housing/ Government Buildings Directorate	3022740

**Allocations Estimated for Females in 2011, by
Chapter (cont.)**

		(JD)
Chapter No.	Title	2011
2201	Ministry of Agriculture	6929200
2301	Ministry of Water & Irrigation	373800
2302	Ministry of Water & Irrigation/ Jordan Valley Authority	866000
2401	Ministry of Environment	198000
2501	Ministry of Education	366007955
2601	Ministry of Higher Education & Scientific Research	13818700
2701	Ministry of Health	225741059
2801	Ministry of Social Development	68026402
2901	Ministry of Labor	4503720
3001	Ministry of Culture	833520
3002	Ministry of Culture/ The Department of Press & Publications	235737
3003	Ministry of Culture/ Department of the National Library	245747
3101	Ministry of Transport	10313080
3103	Ministry of Transport/ Jordan Meteorological Department	92982
3201	Ministry of Communication & Information Technology	1094363
Total		1140,523,448

**Total Capital Expenditures for 2011, by
Governorate**

(JD)

Governorate		Capital Expenditures
11	Center/ National Level	638455316
21	Irbid Governorate	43626782
22	Mafrq Governorate	26687822
23	Jerash Governorate	25035692
24	Ajloun Governorate	13341605
31	Capital Governorate	83076187
32	Balqaa Governorate	27243100
33	Zarqa Governorate	51033784
34	Madaba Governorate	15439673
41	Kerak Governorate	28199207
42	Maan Governorate	27480532
43	Tafeela Governorate	12812365
44	Aqaba Governorate	31764935
Total		1024,197,000






New Characteristics of 2011 Budget

The 2011 budget is a real manifestation of the governmental plan for 2011, which will strengthen solid grounds for sustainable development, and establish the foundation of solid pillars for a better kick-off for our national economy in the period 2011-2013.

The 2011 budget has been distinguished for the presence of many positive aspects as follows:

1. The budget pursues a new methodology in budget preparation. The government formed, for the first time this year, sectoral ministerial committees. Those committees are tasked with identifying continuous, underway or committed, and new capital projects listed in the Budget Draft Law for 2011, in accordance with our national priorities. This methodology ensures consistency between capital projects in the General Budget Law and projects in the Executive Development Program developed by the Ministry of Planning and International Cooperation (MOPIC), in cooperation with ministries and departments.
2. Estimates, whether for revenues or expenditures, are distinguished for being realistic. Local revenues expected to be obtained and foreign grants guaranteed to be received




by the Kingdom are estimated. Then, the amount of target fiscal deficit is identified. The sum forms the ceiling of public expenditures.

Financial appropriations allocated in government ministries and departments' programs concerned with women's issues, as well as indicators and activities concerned with children's issues are indicated in the Budget Draft Law for 2011. The Kingdom is, thereby, a pioneer among the countries in the region in terms of the implementation of a gender-responsive budget.

The government implemented this year a set of major strategic capital projects that assist the national economy to be prosperous, for which needed financial appropriations were allocated. The project of the national railway network and the Disi Water Conveyance project top the list. Such capital projects also include development projects with economic and social yields, create job opportunities, and stimulate national exports, in accordance with national priorities stated in the National Agenda and "We Are All Jordan".

National security requirements are given more attention due to national security's clear positive effects on strengthening stability so that Jordan remains a secure





country in the region. National security is considered a main cornerstone to achieve a comprehensive and sustainable development all over the Kingdom.

Each governorate's share of public expenditures is indicated, paving the way for the implementation of decentralization. This methodology shall strengthen the participation of local communities in making development decisions according to their priorities and needs of capital projects, in line with His Majesty's directions to the government.

The Kingdom depends more on its domestic revenues to cover public expenditures in light of reduced flow of foreign grants given to the Kingdom. This is accompanied by controlling, improving, and enhancing the productivity of public expenditure. It should also ensure government service improvement and distribution of development gains and benefits to all governorates on equal footing. This comes with a view to implementing His Majesty's directions that aim at expanding the frame of development fruits and gains, expanding the middle-income segment of the population, and protecting the poor.





8. Local investment environment is strengthened through:

First, providing an integrated legislative system that aims at attracting domestic and foreign investments to expand the scope of the private sector's contribution to the economic activity in the Kingdom. Second, deepening public and private sectors partnership to implement vital mega development projects in main infrastructure sectors. Such an effort aims, on the one hand, to meet the needs of the citizens all over the Kingdom. On the other hand, to reduce financial burdens on the public treasury. Economic growth, as known, is the resultant of a positive interaction between the public and private sectors whose partnership has been recently more strengthened and deepened; and

9. Priority sectors represented in education, health, transport, and water and sanitary drainage sectors are given more attention in the Budget Law for 2011. Financial appropriations allocated for those sectors are 12.7%, 10.3%, 3.4%, and 1.6% respectively of total public expenditure. Total allocations for all those sectors shall increase to 1,780.1 million dinars, i.e. about 10,9% increase compared to their re-estimates in 2010.






Mechanism of General Budget Preparation

Jordan has made big strides in budget preparation by implementing the state-of-the-art international standards and classifications, in line with economic and social circumstances and policies. Many improvements were incorporated into the preparation of the general budget and classification of expenditures and revenues. Moreover, a new methodology to link the budget to strategic planning began to be implemented. The ROB concept within the medium-term budget was adopted as of 2008. Furthermore, a new Organic Budget Law was developed and issued in lieu of the previous Law for 1962. Such developments aim at making budget preparation and execution depend on future financial planning that takes into consideration national goals and priorities.

According to the new ROB concept, ministries and departments have defined their vision, mission, strategic objectives, programs, projects, and performance indicators on the level of strategic objectives and programs. However, their objectives must be distinguished for being SMART, and in line with the ministry's or department's vision.





The medium- term budget was also implemented to enhance general budget preparation. It covers three years instead of one year for all revenue and expenditure items. Consequently, it enables the government to draw the fiscal policy and develop the Kingdom's general budget based on a clear financial vision to reach a sound fiscal position. In addition, a new Chart of Accounts (COA) was approved, in line with international standards. It includes various geographic, functional, economic, organizational, and funding classifications that help financial management provide comprehensive analytic reports that fulfill the needs of official and private parties.

Late in 2009, H.E. the Prime Minister approved the annual budget calendar that will be implemented as of 2011 budget. The following table shows the budget calendar.



Budget Calendar

Date	Action	Responsible Agency
End of January	Request from all ministries and departments to submit an annual summary on their budget policies and priorities within the medium-term to GBD. They should include all current activities, especially related to HR, operating costs, and capital projects in addition to stating their importance and expected results.	GBD
End of February	All ministries and departments to submit their priorities and policies summary to GBD.	All ministries, departments & units
Mid-March	Prepare an annual comprehensive document on governmental budget priorities and policies on the medium term and submit it to the Council of Ministers.	MOF, GBD
End of March	Discuss the priorities and policies document and approve it after conducting necessary changes.	Council of Ministers
Beginning of May	Prepare a document on the general framework of the general budget for the medium-term, including main macroeconomic indicators for the status quo and medium-term projections. In addition to public expenditure estimates; current and capital, and public revenues, i.e. local revenues and foreign grants, the document should also include budget deficit, before and after foreign grants in absolute numbers and as a percentage of GDP. Then, submit it to the Council of Ministers.	MoF, GBD
5 May	Discuss the general medium-term framework of the general budget and approve it after implementing necessary changes.	Council of Ministers
Mid-May	Request from all ministries, departments, and units to submit their medium-term budget proposals to GBD.	GBD
Mid-July	All ministries and departments to submit their medium-term budget proposals to GBD.	All ministries, departments & units
Mid-August	Complete and finalize the study of budget proposals for all ministries, departments, and units. Prepare a medium-term expenditure framework for ministries and departments and a medium-term budget framework for governmental units.	GBD

Budget Calendar (cont.)


Date	Action	Responsible Agency
End of August	Prepare the budget circular that includes the overall expenditure ceiling in addition to partial expenditure ceilings for ministries and departments, in accordance with the updated medium-term framework of the budget and medium-term expenditure framework.	MOF, GBD
Beginning of September	Issue the budget circular after approval.	Council of Ministers
20 September	All ministries, departments & units to submit their medium-term budget proposals to GBD, in line with the budget circular.	All ministries, departments & units
Mid-October	Prepare main features and dimensions of the General Budget Draft Law, and present it to the Consultative Board for discussion and any changes.	GBD Consultative Board of the general budget
20 October	Submit the General Budget Draft Law to the Council of Ministers for discussion and approval, after making necessary changes.	GBD, Council of Ministers
End of October	Submit the draft law to the Parliament.	Council of Ministers
End of December	Discuss and approve the General Budget Draft Law, awaiting its ratification by the royal decree.	Parliament



Stages of General Budget Preparation

The stages of the general budget preparation can be summarized as follows:


- Provide GBD with the policies and priorities of ministries and departments.
- Have the budget policies and priorities document completed by GBD. The document includes the general features of the budget, and defines the fiscal space that equals (expected local revenues + foreign grants + target deficit "bearable") - (expected current expenditures + expected continuous and underway capital expenditures).
- Submit the document to the Council of Ministers then start the meetings of the ministerial committees (first phase), with the participation of the representatives of the Governmental Plan Implementation Unit at the Prime Minister's Office. The first phase will produce a list of sectoral priorities for the 2011 governmental plan .
- Have ministries and departments submit their budget proposals to GBD, and finalize the update of the document on general framework of the budget. All project



and program details shall be submitted by governmental agencies to GBD. Then, the GBD shall update the general framework of the budget, including fiscal space, on which the second phase of the committees' meetings will be based.

- Hold ministerial committees' meetings to study the general framework and update fiscal space (second phase). Those meetings will produce a preliminary governmental plan that includes priority projects.
- Provide GBD with capital projects approved by ministerial committees to be considered when specifying the ceilings.
- Specify expenditure ceilings for ministries and departments.
- Review and adjust budget forms, as deemed necessary. Draft the budget circular and attach budget ceilings and forms to the same.
- Have the budget circular issued by the Prime Minister.
- Send the budget circular to all ministries and departments with budget ceilings and forms.
- Have ministries and departments send their budget proposals to GBD. GBD analysts will analyze the proposals to assure their compliance with ceilings specified in the circular issued by the Prime Ministry.
- Have proposals entered onto the computer by budget






analysts, audit the draft law and submit it to H.E. Minister of Finance for approval.

- Forward the budget draft law to the Consultative Board for approval, then ratification by the Council of Ministers; and
- Submit the General Budget Draft Law to the Parliament to be approved in accordance with the constitutional phases.






Potential Risks that the General Budget Might Face in the Medium-Term

The general budget may face certain risks in the medium-term for the period 2011 - 2013. Some of the risks are out of control while others are the result of the absence of necessary policies and measures which were supposed to be taken. The following narrative provides a brief on the main risks:

- A significant increase in oil prices in international markets. Consequently, the inflation rate shall increase and negatively reflects on social dimensions, and increase costs of goods and services procurement as well as costs of projects listed in the general budget.
- An increase in the prices of main foodstuff such as wheat, whose current subsidy bill is a significant burden shouldered by the public treasury.



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- Low exchange rate of US Dollar against main currencies such as the Euro and the Japanese Yen. This will lead to an increase in the Jordanian imports that forms a big percentage of GDP.
 - Postponed governmental decisions related to cancellation of tax exemptions for basic goods, elimination of subsidy for gas prices, and granting employment exceptions for ministries and departments other than the Ministries of Education and Health.
 - Continuation of having distortions in price of electricity and water among other risks.
 - A significant increase in current and capital expenditures in the event of receiving foreign grants more than expected. Consequently, the budget will be heavily burdened in the future due to an increase in maintenance costs and sustainability of capital projects. and
 - Weak participation of the private sector in





implementing mega projects through partnership with the public sector (PPP). In addition, the lack of sufficient bank responsiveness to the financing needs of businessmen during next year.

