Exploring the Role of Budgeting for Efficient Social Expenditures: Jordan Country Case

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IN COLLABORATION WITH

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Established in October 2004, The Middle East Regional Technical Assistance Center is a collaborative effort between the International Monetary Fund, member countries, and bilateral and multilateral development partners. The Center’s strategic goal is to help its members strengthen their institutional and human capacity to design and implement macroeconomic and financial policies that promote inclusive growth and reduce poverty.

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This Regional Note builds on a partnership among the United Nations Economic and Social Commission for Western Asia (UNESCWA) and METAC on public financial management topics. It explores key budgetary institutions with regards to their contribution to spending efficiency in the social sectors by presenting the results of a Jordan case study. By improving spending efficiency, Jordan could achieve more in terms of educational attainments or public health indicators with given resources. The national budget plays an important role to improve productive efficiency and to tailor spending to citizen need. More robust costing, particularly in health and education infrastructure, would provide critical efficiency gains. The institutionally demanding reform of program and gender-responsive budgeting that Jordan has been embarking on should progressively target the outcome level in order to “raise the bar” and strengthen results. Under the overall goal to increase budgetary transparency, it would be useful to trace the flow of funds to service delivery units; this needs to go hand in hand with efforts at strengthening accountability, including through better monitoring and consistent ex-post evaluations that feed into budget planning. A more credible macro fiscal forecast would support realistic budget planning, key to keep in check spending pressures that naturally arise as quality improvements are introduced.

MOTIVATION

This regional note explores the role of key budgetary institutions for spending efficiency in the social sectors by presenting the results of a Jordan case study. As underscored by UNESCWA as well as IMF research on the Middle East and North Africa (MENA) region, public social spending is widely understood to be a key policy lever for supporting and promoting inclusive growth and progressing the Sustainable Development Goals (SDGs) (IMF 2020; IMF 2019a; UNESCWA 2017; UNESCWA 2019). In order for social expenditures to address citizen needs in the MENA region, an adequate level of public spending on education, health, and social protection is required. It is key to improve the efficiency of this spending while also strengthening effectiveness to ensure these expenditures reach those citizens most in need.

The national budget is a key institution that can contribute to spending efficiency. It helps governments to translate policy priorities into allocation of resources and match them with citizen preferences (allocative efficiency); and by using procedures such as costing and budgetary ceilings, it also contributes to achieve higher levels of outputs with a given level of resources (productive efficiency). The note explores selected budget institutions, mainly related to budget planning and accountability. Given their complexity, topics of budget execution related to cash management and expenditure control are not covered in this Note.

The role of budgetary institutions will be assessed by analyzing the country case of Jordan, a country which has progressed on its PFM arrangements. This will be done by using the results of global assessment methodologies that have recently be applied by Jordan stakeholders. This includes the 2021 Fiscal Transparency Evaluation (FTE) (IMF 2021a)

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1 The authors would like to thank Jordan participants on a PFM session held in Amman September 26/2022 for their comments, as well as reviewers in IMF and UNESCWA for their contributions.

2 The concept of “efficiency” as used in this paper contains both productive (input-output) as well as allocative efficiency (responsiveness to needs), and is an important element to achieve “effectiveness”, containing both the outcome level (inter alia, coverage of education and health services) and the impact level (educational attainments and learning outcomes; reduction of mortality).

3 Further discussion on the role of budgeting and the SDGs is contained in Hege and Brimont 2018.

4 It is worthwhile noting that there is as of yet, no comparable global PFM standard for sectors such as health or education have been developed, although sector-specific issues are of increasing attention to PFM practitioners.
which is based on the Fiscal Transparency Code (IMF 2019b); the 2021 PEFA (PEFA 2022);\(^5\)
the 2017 Subnational PEFA of the Greater Amman Municipality (PEFA 2017b); the 2017
Public Investment Management Assessment (PIMA) (IMF 2017b);\(^6\) and the 2021 Open
Budget Survey for Jordan (IBP 2022).

The efficiency analysis presented in this note draws from the Social Expenditure
Monitor (SEM). It uses a broader definition of social expenditures than used by the IMF.\(^7\)
Elaborated by UNESCWA, it maps seven areas of expenditures: (1) Education; (2) Health
and nutrition; (3) Housing, connectivity and community amenities; (4) Labour market
interventions and employment generation; (5) Social protection, subsidies and support to
farms; (6) Arts, culture, and sports; and (7) Environmental protection. In its selection of
spending areas, the SEM goes beyond the essential public services on health, education and
social protection (HES), and captures social expenditures that create capacity among youth
and that boost human capital and productivity.\(^8\) These areas are considered essential means
of achieving the SDGs (UNESCWA 2019).

The structure of the note is as follows. Chapter II assesses the efficiency of social
spending in Jordan. Chapter III analyzes selected budgetary institutions which are particularly
efficiency-enhancing. Chapter IV offers conclusions and an outlook.

THE EFFICIENCY OF PUBLIC SOCIAL EXPENDITURES IN JORDAN

Public social expenditures are significant in Jordan. The policy goal is that public
expenditure are geared towards achieving the SDGs (The Hashemite Kingdom of Jordan
2017). Following the SDG-oriented measure of the SEM, two important facts can be
identified:

- Excluding subsidies, Jordan's public social expenditure are fairly stable over time. In GDP
terms, they oscillate between 14 and 15 percent during 2012 and 2022. The efficiency
analysis presented in this Note analyzes this share of public social expenditure.

- Including subsidies, Jordan's public social expenditure are on a declining path. In GDP
terms, they were 18 per cent in 2012 and 15 per cent in 2020; in terms of total public
expenditure, they were 59 per cent in 2012 and only around 50 percent in 2020 (Figure
1). This decline is mainly driven by the reduction in subsidies. In 2020 the three larges
areas of social expenditures were, in decreasing order, “social protection, subsidies, and
support to farms” (largely in the form of transfers); “education”; and “health” services.
Other critical areas of social services that contribute to support housing for the poor; to
improve capabilities of youth through promoting art, culture and sports; implement labor
market interventions and employment generation including providing incentives to small
and medium enterprises; build resilience and support transition of economies and
societies to a better future, are often at margins of public budget. As evidenced in Figure
2, very little resources are allocated from public budgets to these critical areas of social
services.

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\(^5\) Earlier PEFA applications were conducted in 2007, 2011 and 2017 (PEFA 2017a; the analysis for this PEFA was
There are four rating categories (A, B, C and D, with A being the highest score).

\(^6\) The PIMA methodology is published in IMF 2015.

\(^7\) The IMF generally takes a narrower definition of social spending encompassing spending on social protection,
health, and education.

\(^8\) The social expenditure data for Jordan are based on COFOG (five-digit level). These are bridged with
program/activities and projects to identify the SEM indicators and purpose of expenditure, which in turn tags it to
beneficiaries.
The efficiency of public social expenditure in Jordan can be improved: significant resources could be saved to achieve the same outputs by improving service delivery efficiency in key sectors. Following DEA analysis (Figure 3), the overall efficiency score of Jordan is 0.64, a considerable distance from the efficiency frontier (score of 1). This efficiency

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9 These conclusions are based on input-output efficiency analysis following the Data Envelopment Analysis (DEA) applied in the Social Expenditure Monitor. Limited cross-country data availability restricts analysis of efficiency to selected impact indicators (SDGs). Data are from 127 countries globally out of which 15 are from the Arab region. Details on the methodology; the input and output variables; and the framework of efficiency analysis are contained in Gaska et.al. 2021.
score is almost similar to the average of the Arab region which exhibits significant variation. The global average efficiency score is 0.71.

**FIGURE 3. Public social expenditure efficiency by sectors: Jordan vis-a-vis global benchmarks**

![Graph showing public social expenditure efficiency by sectors for Jordan compared to global benchmarks.](image)

Source: UNESCWA 2022a, Social Expenditure Monitor of Jordan. Based on Social Expenditure Monitor dashboard (UNESCWA 2022b).

**One example of the efficiency challenge in social expenditures is education.** Jordan’s overall efficiency of education expenditure in achieving expected years of schooling has a score of 0.76 which is almost the same as the average of the Arab region, however remaining below the global average (0.84). If Jordan improves education spending efficiency to match the global average efficiency score by keeping the same level of expenditure in GDP terms, the expected years of schooling would improve from 11.5 to 12.3 years. Alternatively, if spending efficiency was at the level of the global average, Jordan could achieve the current expected years of schooling with an estimated cost saving of 0.35 percentage point of GDP (UNESCWA 2022a).

**Budgeting has a role to play to address some of the drivers of inefficiency.** With the available data, three conclusions can be drawn. These results which will be further assessed in Chapter III which analyzes critical budget institutions.

- **Shifts in structure of education expenditures by allocating spending across different types of service delivery—the typical role of budgeting that aims at allocative efficiency—had a somewhat positive influence on efficiency.** Following policy simulations for Jordan (Gaska et al. 2021), investments in early childhood education can achieve significantly higher health, economic and social outcomes than investments later in life and can unlock early disadvantages related to poverty and gender, among other issues. Similarly, suitable allocation of expenditure is critical so that social protection reaches the needy.

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10 The input variables used for this analysis are: Overall education expenditure; Pre-primary, primary, and secondary education; Tertiary education; R & D education. The output/impact variables are: Expected years of schooling; Pupil-teacher ratio, primary; Pupil-teacher ratio, tertiary; Harmonized test scores. The choice of indicator and its linkage to outcome is driven partly by conceptual analysis and partly by the data coverage. For example, outcome of education expenditures relating to the quality of schooling are unfortunately not available or not adequate to analyze such assessments. Therefore, the teacher-pupil ratio is taken as a proxy to indicate that higher public expenditure on education would improve the teacher-pupil ratio, which improves quality of education in general.

11 For instance, Jordan’s expenditure on education services is 3.4 percent of GDP in 2018 as compared to 2.2 percent of GDP in Brazil, which has an efficiency score of 0.8 in relation to achieving expected years of schooling. In per capita terms, however, Brazil’s expenditure on education per children (0-17 age group) is higher than that of Jordan.

12 The same results were achieved in the Egypt simulation; however, these results were negative in the Tunisia simulation. More research is needed to fully understand how efficiency depends on the changes in particular components of spending.
and that service delivery contributes to improve capability of youth and therefore productivity in the longer term. The Social Expenditure Monitor is a critical tool to assess the “right mix” of spending that would merit a reallocation of resources across and within sectors.

- It is worthwhile considering allocating fiscal space to social spending. Stabilizing the debt-to-GDP ratio over the medium term and allocating the additional fiscal space to social expenditures (health, education, housing services, among others)\(^\text{13}\) indicates that there is a growth-enhancing effect: in cumulative terms (between 2022 and 2030), Jordan could increase the level of real GDP by 3.1 percent above the projected baseline (Altshuler and Sarangi 2021).\(^\text{14}\) Underpinned by a medium-term fiscal framework, this hints to the importance of medium-term budgeting as a key institutional arrangement.

- Monitoring and accountability arrangements for social public spending are critical. Improvements in “government effectiveness” (contained in the Worldwide Governance Indicators/WGI) lead to improvements in overall efficiency (Figure 4).\(^\text{15}\) The relationship is quite strong and similar across education; health; social protection; environmental protection, and housing (UNESCWA 2022).

FIGURE 4. Efficiency scores and government effectiveness

Source: Gaska et al., 2021.

ASSESSMENT OF KEY BUDGET INSTITUTIONS IN JORDAN

Following the findings of the efficiency analysis, this section assesses further the quality of selected budgetary institutions in Jordan. With its focus on budget planning and accountability, the following four budget institutions are selected: (i) fiscal transparency and budget coverage; (ii) program and gender responsive budgeting; (iii) medium-term budgeting; (iv) ex-post evaluation and accountability. This selection also takes into account the emerging

\(^{13}\) Limited time series data on other social expenditure monitor indicators, with current and capital expenditure disaggregation, obstructed adding other indicators into the model.

\(^{14}\) The interpretation of this finding is that countries with more fiscal discipline—as measured by stabilizing the government debt-to-GDP ratio over the medium term and managing primary balance and overall fiscal balance ratios—are more efficient as they monitor their expenditures more closely, are more in control in their spending and are able to allocate funds to where they are mostly needed.

\(^{15}\) As highlighted in IMF 2020, institutions matter for translating social spending into socioeconomic outcomes and for reducing poverty rates.
global discussion on PFM and the social sectors. It is important to note, that these budgetary institutions are general in nature and are not specifically tailored to any of the social sectors.

**Fiscal Transparency and Budget Coverage**

**Fiscal transparency is key for the social sectors.** Achieving oversight in the social sectors is challenging due to complex service delivery arrangements and multiple funding flows; private and public funds are often co-existing and mingled in different programs. The COVID-19 pandemic has also highlighted that emergency spending in the social sectors should comply with fiscal transparency: it is important to “keep the receipts” (IMF 2021b). Adequate budget coverage ensures that the budget remains as an effective and binding instrument for resource allocation. Accounting and reporting should allow adequate tracing of resource flows and comparability across service delivery areas.

**Jordan is making progress on budget coverage and reporting.** Noting the two budgets which are presented in Jordan, the FTE rates the “coverage of institutions” (FTE 1.1.1.) as “good”. A consolidated Government Finance Statistics (GFS) report for general government (GG) is published, although the classification of GG units is not fully aligned with international standards. The GFS report covers 88 percent of extrabudgetary units (EBUs) and public corporations (PCs) but excluding public universities.

**However, transparency on resource allocation to frontline providers (schools, clinics) in the social sectors is suboptimal.** The chart of accounts follows the Classification of Functions of Government (COFOG) which helps oversight and identification of sectoral spending in the budget. The FTE attests the comparability of fiscal data: final accounts are presented in the same manner as the approved budget (FTE 1.4.3); in-year reporting on actual spends follows “advanced” practice (FTE: 1.2.1). However, the 2022 PEFA noted that transparency in resource allocation to schools and health clinics remains limited given the actual annual revenues and costs of individual schools or health clinics are apparently not being reported; this resulted in a rating of D in indicator 8.3 (same rating as in the 2017 PEFA).

**Program and Gender-responsive Budgeting**

**The budget should define clear and attainable results for social sector spending; and ensure that it is achieved efficiently.** Performance information makes intended results explicit and allows it to track against progress. Program budgeting which is applied by Jordan precisely helps in this regard; it is also applied by the Greater Amman Municipality which has created six programs, one of which is “health and agriculture”. Gender budgeting is an approach to highlight both intended and unintended impacts on gender equality (IMF

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17 A regional analysis on fiscal transparency is contained in IMF-METAC 2021.

18 Jordan’s main budget covers 53 chapters while a separate budget for government units (the Government Units budget Law) contains 59 chapters. An analysis of budgetary institutions in Jordan is contained in Akhoershaideh and Alshoubaki 2019.

19 In the most advanced form of program budgeting, intervention areas are not only grouped under a shared results framework but also ensures fungibility of different resources within the program.

20 The 2021 PEFA notes that sub-national governments still play a relatively limited role in PFM, being responsible for about 6 per cent of General Government expenditure, more than half of which is attributable to the Greater Amman Municipality (GAM). The 2017 PEFA had noted that with 0.2 percent of the total expenditures, social development outlays of municipalities by then were still very limited.
2017a). It has particular relevance in the social sectors given potential inequities across female and male population. Gender budgeting has been increasingly applied in MENA countries (IMF-METAC 2019), and importantly, Jordan has taken strides forward by including it in budget circular procedures; mandating all line ministries to present Key Performance Indicators (KPI) related to gender; and approaching this comprehensively through the “Strategic Plan for Gender”.

**Performance information in the Jordan program budget approach can be improved at the level of outcomes.** Initial efforts have been made for results-oriented management and in incorporating this information into the budget. The FTE rates the performance information as “good” (FTE 2.3.2.); the budget documentation contains extensive results and performance information, however, also notes that this is done only at the output level, hence missing an approach on outcomes. Key performance indicators (KPIs) for the most part are defined in terms of outputs or activities rather than outcomes in terms of service improvements. In the same vein, the 2021 PEFA notes that there is a risk of misallocation of resources given the specific actions to be undertaken in order to achieve outputs or outcomes are not defined (PEFA Score of B in Indicator 8.1; no change in rating from 2017 PEFA). In addition, independent performance evaluations on efficiency and effectiveness of service delivery cover less than 25 percent of budget expenditures (PEFA Score of D in Indicator 8.4; no change from 2017 PEFA). The situation is somewhat different at the subnational level: the 2017 Subnational PEFA for Greater Amman Municipality rated the performance information on service delivery as strong (Pl-8 with a score of B+).

**Medium-Term Budgeting**

**Social sector spending requires appropriate allocation across service delivery areas under budgetary ceilings defined over the medium term.** It can be anticipated that some outcomes will materialize only in the medium-term and cannot be adequately captured under a purely annual budgeting approach. Allocative efficiency is key as this determines the degree to which allocation of resources matches citizen needs. In turn, this also requires the identification of fiscal space in order to make room for priority expenditures. This was also a key hypothesis tested in simulations in Chapter II, concluding that allocation of spending towards the social sectors could be growth-enhancing.

**For all these reasons, medium-term budget planning has great significance for social spending. It would support the strategic allocation of resources and provide greater transparency about choices of expenditure.** It is key that the underlying policies are clearly determined, based on which commensurate resource allocations can be established. Importantly also, a medium-term budgeting framework (MTBF), supported by a medium-term fiscal framework (MTFF), can address fiscal sustainability concerns related to parts of social spending which are rigid in nature, particularly payroll expenditures.

**Medium-term budgeting in Jordan can be strengthened.** Adopted in 2010, Jordan is one of the pioneers in the MENA region to include a medium-term perspective to the main budget.

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21 According to the IMF framework for gender-responsive budgeting (IMF 2017a), all stages of the budget cycle—developing the fiscal framework, budget preparation, execution, accounting and reporting, and control and auditing—gender-specific analysis and instruments are integrated.

22 The 2021 PEFA in indicator 8.2 notes that the detailed budget documentation for all ministries and departments for 2021 included in addition to KPIs for 2021 and the two subsequent years, the targets and the values expected to be achieved for the same KPIs in 2020 and the values actually achieved in 2019. The achieved values for 2020 would be published with the budget documentation for 2022. Again, these are generally in terms of outputs but not outcomes.

23 The type of needs may vary and include, inter alia: (i) cross-sectoral allocation by determining weights of social expenditures versus expenditures in other domains; (ii) matching spending to citizen need in any given year, and across years in a medium-term perspective; (iii) allocation of spending across different territorial units of a state with a view on territorial equity.
Its budget documentation includes a MTBF detailed by ministry and economic category. The medium-term budgeting framework is presented in the main tables annexed to the General Budget Law, and builds on program budgeting mentioned above. The FTE rates the Jordan MTBF as “good” (FTE 2.1.3.), as the General Budget Law requires a full MTBF with detailed numbers by ministry and by economic category, outturns of two preceding years, and medium-term projections; similarly, the 2021 PEFA provides a score of A in Indicators 16.1 and 16.2 (same rating as by the 2017 PEFA). As a drawback, the FTE notes that while the MTBF is well established its underlying assumptions are not disclosed. There are significant deviations in fiscal forecasts (more than 2 percent of GDP on revenue in year 3) which weaken the MTBF’s usefulness; in the same vein, the FTE attests that the basic criteria on macroeconomic forecasts are not met (FTE 2.1.2). Consistency of budgets across years is limited as there are no explanations provided for differences between the previous year’s figures for the second year and those given when that year becomes the budget year (2021 PEFA: Score of D in indicator 16.4).

**Budgeting for public investment expenditures could be strengthened by more robust costing.** The FTE rates the cost-benefit analysis as “basic” (FTE 2.1.4), as systematic cost-benefit analysis has started but is not yet published; the value of total obligations is not disclosed or known; and open and competitive tendering is hampered by frequent recourse to specific procedures. In addition, the 2021 PEFA notes that the budget documentation shows the spending each year on each capital project, but the total capital costs of each project are not shown anywhere (Score of D in indicator 11.3).

**Ex-Post Evaluation and Accountability**

**Ex-post evaluations are critical to assess the efficiency of social expenditures and thereby strengthen accountability.** By evaluating results, service delivery units can be held accountable for outcomes; this approach is already part of the program budgeting approach applied in Jordan, which applies a result orientation methodology as described above. Ideally, evaluations in infrastructure investments would include “value for money” considerations. Lessons from these evaluations can be incorporated into new budget planning cycles in order to improve allocations. Participatory budgeting would help that priority needs are captured; it is also a useful monitoring and accountability tool.

**In terms of participatory budgeting, Jordan ranks low in regional terms.** In the 2021 Open Budget Survey (IBP 2022), Jordan achieved a “public participation score” of 4 (out of 100) which is below the global average (score of 14) and regional peers (Egypt: score of 19; Tunisia: score of 15). Particularly the social sectors, with their citizen-centric service delivery, would benefit from participatory approaches to budgeting.

**Reporting on service delivery outcomes in Jordan is limited.** The 2021 PEFA highlights that coverage so far has been limited to some institutions; notably, resource flow to frontline service providers in health (clinics) and education (schools) is not adequately tracked or reported (PEFA Score D in Indicator 8.3; same rating as in the 2017 PEFA). As noted in this assessment, no information is publicly available about current expenditure on health and education by Governorate, or on actual annual revenues and costs of individual schools or health clinics. Information on the resources (staff, supplies, utility costs, maintenance expenditure and any revenue generated) received by individual spending units could be extracted from the Government Financial Management Integrated system (GFMIS), but for

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24 It covers a five-year period, with outturns for the two preceding years, forecasts for the budget year, and indicative projections for the two years following the budget. Sector ministries elaborate their draft medium-term budgets in accordance with a directive issued by the prime minister including preliminary ceilings for each MDA; and there are binding expenditure ceilings for each of them which have previously been approved by the council of ministers. The Government Units Budget Law contains an adapted version of this medium-term budgeting framework similarly presenting expenditures by unit and by economic category.
the time being this has not been done. Regarding infrastructure investments, ex-post evaluation continues to rely mainly on efforts by development partners; the PIMA has ranked project management effectiveness as “low” (PIMA PI-14); the 2021 PEFA noted that no standard procedures for monitoring and reporting on project execution were in operation during 2018-20 (Score of D in indicator 11.4).

Ex-post audit of social programs are an important element for accountability. The FTE rates external audit as “basic” as the Supreme Audit Institution (SAI) is not fully independent (FTE 1.4.2.). Importantly, external audit is gradually moving from control of regularity to performance auditing which can be used strategically to also evaluate social programs. While external audit reports to parliament are often delayed beyond nine months (PEFA Score of C in Indicator 30.2), there is generally consistent follow-up to audit findings (PEFA Score of A in Indicator 30.3, an improvement from Score of B in the 2017 PEFA).

CONCLUSION AND OUTLOOK

Jordan needs to consider balancing a right mix of public social expenditures and improving its monitoring. Improving efficiency, effectiveness and equity of spending are critical to achieving the SDGs—thereby ultimately also strengthening social justice. Without quality monitoring and adequate tracing, public social expenditure often results in inefficiencies such as allocations to multiple and overlapping programs or mismatches between expenditures and needs, especially to reach the poorest and the most vulnerable populations. The Social Expenditure Monitor (SEM) is a tool which supports proper analysis and policy choices. By capturing expenditure on crucial social development priorities, the SEM helps countries to take a concrete step towards “smart spending” across seven dimensions which are aligned with the SDGs.

Jordan should strengthen key budget institutions to address the efficiency challenges related to social spending. This would require a multi-pronged effort which build and expand on the already achieved progress on the strength of budgetary institutions:

- Strengthened macro fiscal planning would induce more budget credibility, key for realistic budget planning in the social sectors. This would also contribute to keeping in check spending pressures which are likely to arise as line ministries endeavor to improve their spending.
- The approach to program budgeting should further exploit its potential, by “raising the bar” and more explicitly frame results at the “outcome” level. With the goal to increase managerial autonomy at the program level, it can be considered to strengthen the fungibility of resources within a program. This needs to make sure that overarching budget rules are followed, and expenditure control is enforced – among others, keeping an adequate balance of current versus investment expenditures to address fiscal sustainability considerations.
- This approach can be greatly strengthened when the tracing of funds to frontline providers (clinics, schools) is more transparent and timely, addressing one of the current weaknesses.
- Instilling further accountability through systematic ex-post evaluations, covering particularly infrastructure spending, can enhance learning and feed into budget planning.

However, budgeting, while an important institutional arrangement, on its own cannot achieve all the desirable improvements: this requires complementary efforts at improving effectiveness through better targeting. For this it would be key to design
improved intervention modalities and related service delivery mechanisms. Following earlier UNESCWA analysis, shortcomings on effectiveness are mainly related to targeting issues and the design of interventions. Examples are the relatively lower performance of Jordan on quality of education (as measured through the harmonized test scores); the access to public health services (as measured by indicator on prevalence of anemia among pregnant women); and subsidies on fuel and food (UNESCWA 2017).

A combined effort of improving efficiency and effectiveness of social spending would likely help Jordan progress on measures of human wellbeing, such as the Inequality-adjusted Human Development Index. The starting point is promising: in this Index, Jordan performs relatively better than Arab countries on average and it also ranks better than the overall global average. Building on these achievements, it is worthwhile that efforts continue—including through better budgeting—to improve the wellbeing of the population at large, setting ambitious but also attainable goals for progressive forward steps.

This involves analyzing different options of service delivery mechanisms, for instance in education, a choice over a school autonomy model; a decentralized approach involving subnational governments; or a deconcentrated arrangement through regional delegations of the ministry of education. This would typically also involve a decision on whether and how to include parental oversight. In addition, some countries have opted for conditional transfers that create incentives for parents to bring children to school and thus increase enrollment and schooling rates.

The poverty and inequality reducing impact of these subsidies in Jordan is declining while their design does not sufficiently create capacities and improve productivity (UNESCWA 2017).

The Inequality-adjusted Human Development Index measures a country’s achievements in education, health, and income as well as how evenly those achievements are distributed among the population. The Inequality-adjusted Human Development Index value equals the Human development Index value when there is no inequality across people but falls below the Human Development Index value as inequality rises (UNDP 2020). Well targeted public social expenditure programs would ensure correcting the imbalances in society in addition to improving overall achievements in human development including in education, health and income.

If Jordan kept its current level of social expenditure, as a share of GDP, and improves efficiency of social expenditures to match the global average, its score on the Inequality-adjusted Human Development Index would increase from 0.62 to 0.66.
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