

Building a Comprehensive Social Security System in Jordan

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1 Introduction

The Government of Jordan aims to modernise its economy and raise living standards through the Economic Modernisation Vision (EMV). Alongside jobs and incomes, social security is vital for realising this vision. **Jordan currently spends around 9 per cent of GDP on social security**, a share comparable with high-income nations, but the system has not effectively stimulated growth or employment, potentially undermining the EMV's chances of success.

2 The rationale for building a comprehensive social security system

Since 2010, Jordan has faced sluggish economic growth. Fifty-nine per cent of Jordanians live on less than JOD5 per day, and 76 per cent on under JOD7.50 per day. These widespread low incomes harm wellbeing, particularly for children, as families cannot afford sufficient food between income cycles and children may not receive the nutrition required for healthy development. The 2023 Jordan Demographic and Health Survey (DHS) confirm this: 73 per cent of children 6 to 23 months lack a minimally acceptable diet, and 40 per cent do not eat enough meat per day.

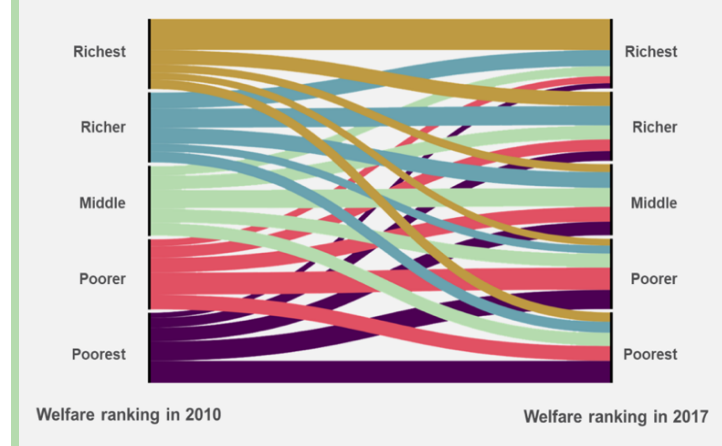
Many households in Jordan have insecure and volatile incomes, especially during key lifecycle stages. For example, after childbirth, income often falls due to increased expenditures and reduced earnings. Women disproportionately bear this burden. In Jordan, female employment drops by 64 per cent relative to male employment after childbirth, known as the “child penalty.” Older persons without pensions depend more on families, often forcing family members to leave work to care for them. Disability increases household costs in Jordan by an average 14 per cent, due to expenditures associated with managing disability.

Household welfare in Jordan fluctuates considerably. Figure 1 shows how the economic position of households in Jordan shifted between 2010 and 2017, with many families moving up or down the welfare ranking, highlighting changes in living standards over time. More than 70 per cent of households that were in the poorest quintile in 2017 were not among the poorest in 2010.

Box 1. Key Concept

Social security—a core pillar of social protection—comprises the system of income transfers that the state provides to its citizens, funded through general taxation or contributions during employment. A comprehensive social security system offers income transfers that help individuals manage risks throughout the lifecycle. In high-income countries, social security has helped drive sustainable growth and is an essential public service, comprising a major part of public spending.

Figure 1: Changes in welfare ranking of households in Jordan between 2010 and 2017



A stagnant economy and the exclusion of the majority of the population from social security often leads to a decline in public trust in state institutions. In Jordan, trust in government has dropped from 72 per cent in 2010 to just 39 per cent in 2024, which may discourage people from accepting the tax rises that are necessary to invest in public services.

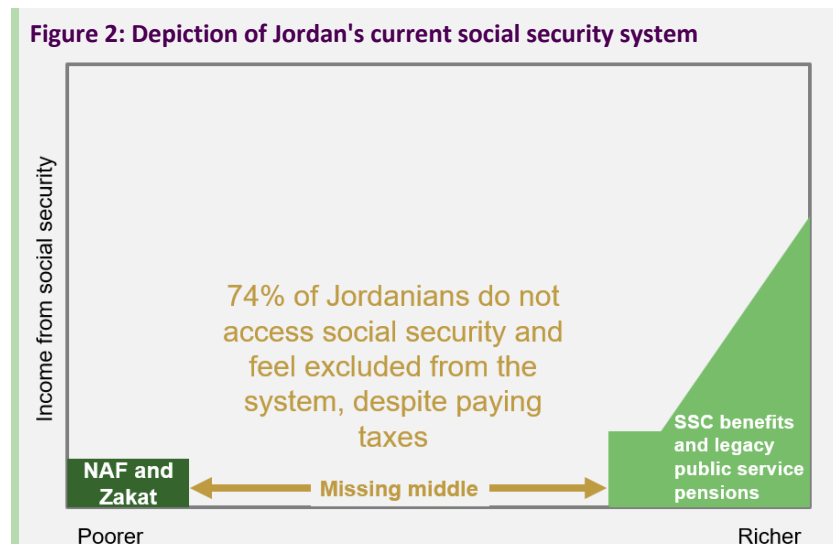
The IMF reports that Jordan's government revenues fell sharply from 24 per cent of GDP in 2008 to 17.2 per cent and have yet to recover. This level of revenue is insufficient both to fulfil the EMV's goals and the state's capacity to deliver services. It is essential that trust is re-built in the government.

¹ This policy brief presents a condensed version of a longer paper, prepared by the Shamil Team, on building a comprehensive social security system in Jordan. Details on sources of information can be found in the longer paper.

2.1 Jordan's current social security system

Jordan's current social security system is split into 2 main components, as shown by Figure 2. Social assistance targets the most vulnerable through programmes such as Zakat and the National Aid Fund (NAF), while formal sector workers access contributory benefits through the Social Security Corporation (SSC).

As a result, 74 per cent of Jordanians lack access to social security, many in the informal economy (the “missing middle”) who, as indicated above, experience low and insecure incomes. Coverage remains low: only 2 per cent of



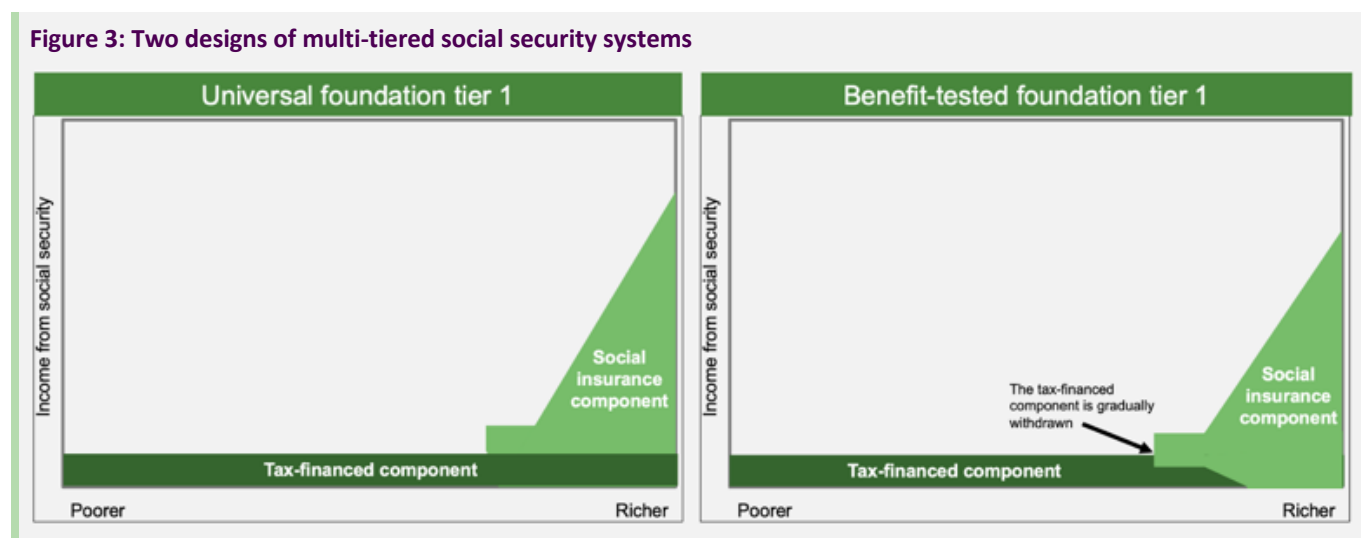
children, 22 per cent of persons with severe disabilities, and 57 per cent of older people receive benefits. Maternity and unemployment benefits reach just 13.5 per cent of new mothers and 23 per cent of the unemployed, respectively.

The NAF has reduced the poverty by only 1.4 percentage points, and the Department of Statistics estimates that NAF reaches only half of the poorest households. To meet the EMV's goals and restore a path toward economic prosperity, Jordan must adopt a comprehensive and inclusive social security system.

3 An overview of comprehensive social security systems

ILO Convention 102 defines social security benefits as covering risks across the entire lifecycle, helping families prevent poverty by supplementing and/or replacing their income. Effective social security systems must offer coverage to all citizens, not only the poorest, since benefits targeted at the poor usually exclude most of the poor.

Effective systems are multi-tiered combining a tax-financed minimum income for all with higher value contributory benefits linked to work. Figure 3 illustrates two designs for multi-tiered systems: one provides a universal, tax-financed flat-rate benefit to everyone—including social insurance recipients—while the other uses a benefit-tested approach which excludes those receiving social insurance. In a well-designed benefit-tested system, tax-financed schemes are gradually withdrawn from social insurance recipients. Comprehensive social security systems have underpinned human capital development, risk management, economic growth, and social cohesion in many high-income countries and, increasingly, in middle-income countries also.

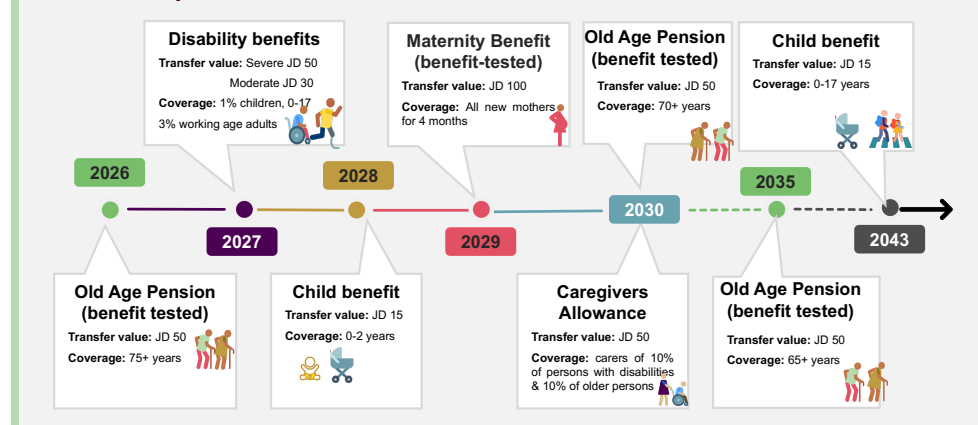


4 A long-term vision for a comprehensive social security system in Jordan

A shift towards a comprehensive social security system would enable Jordan to invest in its people and foster economic growth. However, introducing those benefits all at once would likely be expensive. Therefore, building a system progressively over time is more feasible, which has been the practice in most countries.

Jordan could begin rolling out new social security benefits with limited coverage and/or transfer values and expand over time. As Figure 4 shows, a phased rollout starting in 2026 prioritising a Senior Citizens' Benefit initially for those over 75 and lowering the age of eligibility to 65 by 2035. Child and Adult Disability Benefits could begin in 2027 reaching 1 per cent of all children and 3 per cent of all adults. A Child Benefit could be introduced in 2028, commencing with under-3s, expanding to all under-18s by 2043 by not removing any children from the scheme. Maternity Benefits could start in 2029 followed by a Caregivers' Allowance in 2030 for those who are providing family care to persons with significant care needs.

Figure 4: The timing of the introduction and expansion of the tax-financed lifecycle social security benefits



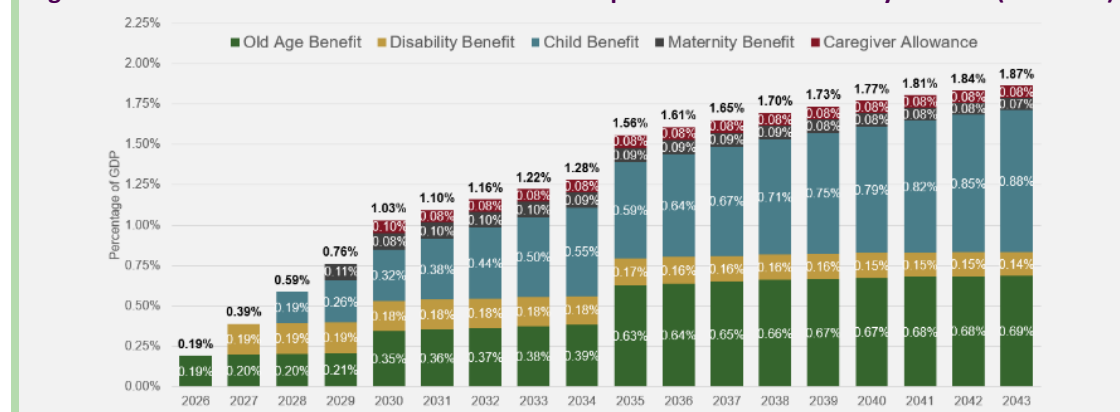
4.1 The value of the transfers to be provided

Transfer values could start at a lower level to manage costs but will be indexed to inflation to maintain purchasing power. For example, the Senior Citizens' Benefit could begin at JOD50 per month, aligned with current NAF support and the median value of universal tax-financed pensions in middle-income countries. It could be benefit-tested and gradually withdrawn from those receiving other state pensions at a 10:1 ratio. Child and Adult Disability Benefits could offer JOD50 per month to those with severe disabilities and JOD30 for those with a moderate disability. Child benefits could start at JOD15 per month. Maternity Benefits could offer JOD100 per month for four months, and the Caregivers' Allowance could be set at JOD50 per month.

4.2 The level of investment and coverage

Initial costs for the system described above would be 0.19 per cent of GDP in 2026, rising to 1 per cent of GDP by 2030 and 1.87 per cent of GDP by 2043 when the system is fully rolled out. Figure 5 portrays the cost of gradually introducing benefits and building the system, assuming an economic growth rate of 3 per cent per year.

Figure 5: Estimated investment for tax-financed comprehensive social security 2026-43 (% of GDP)



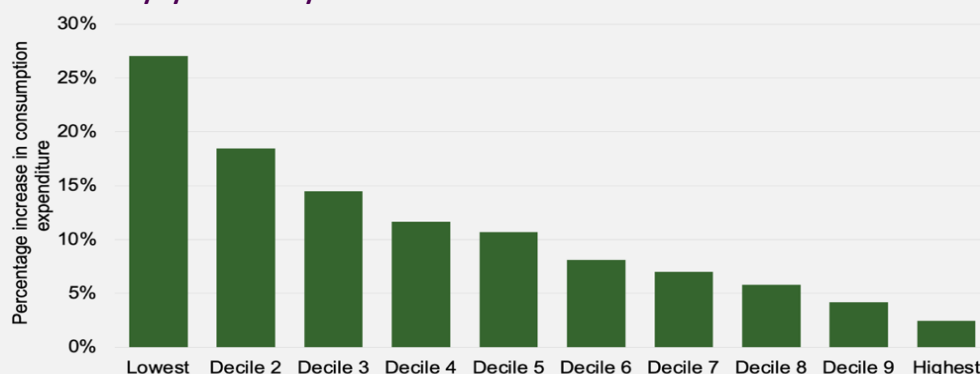
4.3 Potential coverage of the system

Coverage of the system would grow from a low level in 2026 to reach 4.8 million direct recipients—or 41.4 per cent of the population—by 2043. By then, 89 per cent of Jordanians will live in households receiving at least one benefit, enhancing the system’s popularity and trust. The expanded system will also enable a quick response to shocks by increasing the value of transfers in the case of a crisis to recipients, thereby reaching almost everyone affected.

4.4 Potential system impacts

Introducing a comprehensive social security system in Jordan would positively impact both poverty reduction and economic growth. By 2043, when the system is fully rolled out, **average per capita consumption is projected to rise by 11 per cent**, with a nearly 27 per cent increase for the poorest quintile (see Figure 6).

Figure 6: Increase in consumption among beneficiary households once the comprehensive social security system is fully rolled out in 2043



The rise in household consumption is expected to significantly reduce poverty: **the national relative poverty rate would drop by 54 per cent**, with children and older persons benefiting the most. There would also be a substantial impact on persons with disabilities.

The comprehensive social security system would further reduce inequality, as indicated by CGE models. The proposed system could lead an estimated 2.8 per cent decline in the Gini index. Lower inequality is likely to boost economic growth and support the EMV. Investing in a comprehensive social security system could result in a 4.5 per cent larger economy by 2045 when compared to a business-as-usual scenario.

Overall, investing in comprehensive social security would generate significant benefits. For every JD1 invested, at least JD2.59 would be returned through higher productivity, better health, stronger skills among future workers, and greater demand in the economy that supports entrepreneurs. In reality, the gains would be even larger, as many positive effects are harder to measure—such as expanded access to services, enhanced dignity and security for recipients, and greater empowerment of citizens. Crucially, by ensuring that all people are supported across the lifecycle, social security strengthens the social contract, deepens trust in the state, and fosters a stronger sense of national solidarity, which are foundations essential for stability and sustained growth.

5 Conclusion

His Majesty the King’s vision of a modern, prosperous, and equitable Jordan depends on the success of the Economic Modernisation Vision (EMV). Yet the EMV is off-track. By building a comprehensive social security system for all Jordanians – an essential pillar of sustainable growth – the EMV could be significantly strengthened. This paper shows that Jordan can build a modern, comprehensive social security system over the next 15-20 years at a manageable cost. Starting with a Senior Citizens’ Benefit in 2026, the system could reach full rollout for less than 1.9 per cent of GDP by 2043, delivering major returns such as: halving poverty, reducing inequality, expanding the economy, and nearly paying for itself through increased tax revenues. Investing now would strengthen prosperity, stability and public support for His Majesty’s call for a modern Jordan.