



Regulatory and legal framework of the Social Solidarity Economy (SSE) and ecosystem in Jordan

MedTOWN Project

Co-production of social policies with social and solidarity economy actors to fight poverty, inequality and social exclusion.



QUESTIONNAIRE PROJECTS PHASES AND LOCAL PARTNERS. MEDTOWN PROJECT. 3rd LOT.

DEMONSTRATIVE ACTION. Name: Business incubator for People with disabilities (PWD) **MUNICIPALITY, REGION AND COUNTRY ACTION:** Dair Abi Said, Koura District, Jordan

BRIEF DESCRIPTION OF CONTEXT:

Despite that there has been a marked increase in the level of interest of national government in the SSE-related enterprises (cooperatives, voluntary societies, etc.), which are organized and supported through different laws. There is no specific regulation for SSE in Jordan and the concept is not formally exit.

ARRAY TO BE FILLED IN:

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1	Existing applicable SSE legislation	<p>In Jordan, there has been a marked increase in the level of interest of policy makers in Social and Solidarity Economy (SSE) in recent years. While many organizations have a long history of support for specific SSE-related sectors such as cooperatives and non-profits, it is only relatively recent that they specifically refer, within their policy statements, research and regulations, to terms such as social economy, social enterprise, social entrepreneurship, social/solidarity finance, solidarity economy or SSE itself.</p> <p>There are different institutions established based on laws to organize and support the social enterprises, some of these:</p> <ul style="list-style-type: none"> - Voluntary Societies Law (no. 	No regulations or mechanism on how to support the SSE entities.	No specific SSE regulation.

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	<p>51) of 2008, and its amendment in 2009 by the Law Amending the Law on Societies (Law 22 of 2009)¹</p> <ul style="list-style-type: none"> - Co-operative Law (No. 18 of 1997)² - Municipalities Law (no. 41) for the year 2015 amended law on Municipalities³. - The Rights of Persons with Disabilities Act Law (no. 20) for the Year 2017.⁴ - The Jordanian Companies Law No. 22 of 1997 and its amendments and the Regulation for Non-Profit Companies No. 73 of 2010 and its amendments. This amendment focuses on the formation of a non-profit company, its registration, and the forms of non-profit companies. - Zakat Fund Law in 1978 and Law no. 8 of 1988. 		

¹The amendment was a partial response to the criticisms that the 2008 law had generated. While “societies” are the most common type of CSOs in Jordan, CSOs also comprise other entities, including “not-for-profit Companies” (NfPCs, also known as “private companies” or “private societies”).

² Establishes and provides for the administration of the Jordan Cooperative Corporation, an entity established by law and mandated the responsibility of overseeing, promoting and registering cooperatives.

³ *Article 70-C in the amended municipality law: One Municipality or more may establish a housing fund for its employees, a social solidarity fund and a savings fund, each enjoying legal personality. All the provisions relating to any of them, including their financial resources, employee subscription fees, their management, organization of their affairs, the investment of their funds and the areas of spending shall be specified in by-laws issued for this purpose.*

⁴ These goals are to promote, protect and guarantee that all persons with disabilities enjoy these human rights fully, on a basis of equality with others and to enhance a sense of rooted dignity in them. Therefore, this Convention adopts the social model of participation, empowerment, equality and non-discrimination



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	<ul style="list-style-type: none"> - Income Tax Law; Law No. (34) of 2014 Amended by Law No. (38) of 2018 		
2	<p>Purpose of the regulation</p> <p>The purpose of the above laws is to create the legal framework to organize and support the social enterprises, with the aim to promote, protect and guarantee that all people, including unemployed, youth & elder, men & women, persons with disabilities, etc. are enjoying their human rights in an equal and equitable manner.</p>	<p>The Jordanian Laws regulating the work of SSE emotivities, under which most CSOs fall, do not support the independence of the work of these entities. Instead, it limits the activities of these organizations, by forbidding them to work in fields of politics or related to political parties and their objectives, and it also restricts the right of non-Jordanians to participate in the formation of organisations. The law imposes a requirement that associations report their intention to hold public meetings two weeks in advance, grants the Minister of Social Development the authority to send government officials to attend these meetings, forces associations to submit administrative and financial annual reports to the government, and authorises the relevant minister to dissolve an</p>	

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		<p>association's board of directors and appoint interim alternative ones</p> <p>The laws that regulate access to funding, from both domestic and international sources, contradict internationally recognised standards and best practices. The Societies Law requires CSOs to obtain the approval of the Prime Minister to access foreign resources, a process that is often delayed.</p>	
<p>3⁵ Consideration-Theoretical Definition SSE (According to regulation)</p>	<p>Poverty alleviation⁶ has been one of the guiding principles shaping policy priorities and development programmes over the decades. The government of Jordan also simultaneously focuses on self-employment as a policy priority for poverty alleviation and inclusive growth by stimulating an entrepreneurial approach at the bottom of the pyramid (and the home of informal economy). Programmes to provide sustainable income to rural poor households through income generating assets and economic activities.</p> <p>SSE in Jordan has a strong focus on the empowerment of marginalized groups, as well as engaging in anti-poverty and social inclusion work. Cooperative and</p>		<p>No regulatory definition</p>

⁵ Necessary for making comparative terms of equivalent concepts

⁶ Unemployment is a major challenge in Jordan, especially among the youth population whose unemployment figures are 23% (DOS-2020). This, paired with population growth and environmental challenges, present a pressing need to create new jobs and opportunities for underprivileged and marginalized youth, which can be aided by social entrepreneurship. The majority of social enterprises in Jordan focus on education, skill-building, health, community development, income generation, civic engagement and socioeconomic development.



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	<p>Civil Society movement is strong and the oldest experience on SSE was on the primary sector (agricultural activities and income generating activities through revolving funds).</p>		
<p>4 Scope of application of SSE legislation</p>	<p>Jordanian laws that regulate the work of SSE entities imposes myriad restrictive conditions on non-governmental organizations that are in violation of its international obligations. The only discernible purpose of these restrictions is to guarantee governmental control over the activities of these organizations. These restrictions have been part of Jordanian law for over forty years, but the government has tightened restrictions over the past seven years which have witnessed heightened political tension in the region.</p>	<p>Both private and public</p>	<p>Under Article 16 of Jordan's constitution, Jordanians have "the right to establish societies and political parties provided that their objectives are lawful, their methods peaceful, and that they have by-laws that are not contrary to the provisions of the Constitution.</p>
<p>5 Stakeholders Involved SSE</p>	<ul style="list-style-type: none"> - Non-for-profit organisations - The Ministry of Digital Economy And Entrepreneurship - The Ministry of Finance - The Ministry of Social Development - Sectoral Ministries (agriculture, energy, etc) - The Ministry of Industry, Trade & Supply - Voluntary societies, registered with Ministry of Social Development (law 51/2008 and it is amendment 22/2009). - Cooperatives, registered with Jordan Cooperative Corporation (law 18/1997). 	<p>The same stakeholders, while Ministry of Social Development is taking a lead role.</p>	

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	<ul style="list-style-type: none"> - The Higher Council for Rights of People with Disabilities (law 20/2017). - Companies registered with Ministry of Industry and Trade (law 73/2010). - Specialized Civil Society Organizations, registered with Ministries of Agriculture, Environment, Youth, Culture and Water. These organisations following the laws/regulations for the voluntary organisations. - Research and academia - Media - Private sector - SMSE (Small and Medium Size Enterprises, MSME) - Business incubators - Youth and women 		
<p>6 Existence of Concrete Figures SSE Sector?</p>	<p>There is no available data on the social and solidarity economy, for a variety of reasons. Lack of clear definitions and differences in organizational forms in Jordan make it difficult to identify what should be measured, and even where there is clarity on these issues national statistical offices typically collect data by economic sectors but not by enterprise type. Consequently, the data is fragmented and only available for specific types of organizations or geographical contexts, usually where individual organizations have taken it upon themselves to compile it and make it available.</p>	<p>There is no available reliable data on SSE</p>	

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7 Administration - competent legislative body SSE	<ul style="list-style-type: none"> - The laws and by-laws are suggested by the parliament, - Senate - then submitted for approval and ratification by the prime Ministry to be at the and ratified by the royalty institution - Ministry of justice 	Central Government	
8 Administration - competent executive body SSE	<ul style="list-style-type: none"> - Ministry of Social Development (MSD), since it is mandate is to improve the quality of life of the citizens. It disperses information and knowledge to provide excellent social services, focusing on sustainable development by employing accountability and participation. MSD strives to enhance developmental social work and carry out social policy development. It does so through comprehensive and integrated community development. - Ministry of Planning and International Cooperation plays a key role, <u>Article 4-e</u>: Revision of the comprehensive development programs and annual implementation programs in the light of the pertinent studies and economic evaluation which the Council prepares in cooperation with the Central Bank and the Ministry of Planning, and in the light of new circumstances, and the necessities of actual execution whenever necessary, and the preparation of proper 	<ul style="list-style-type: none"> - There is a coordination committee with representation from different governmental institutions, led by Ministry of Social Development, for the purpose of pre-approving CSOs access to foreign funding, to be submitted to the Prime Ministry for final approval. - For projects that inline with the Jordan Response Plan for the Syria Crisis, there is another committee led by Ministry of Planning, with representation from other governmental organizations. 	

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	<p>amendments; and <u>Article 4-L</u>: Seeking sources of finance and technical assistance in friendly countries and international organizations, and negotiating with them assistance and loans for financing the various types of development projects <u>(LAW NO. 68 FOR THE YEAR 1971 – Article 4)</u></p> <ul style="list-style-type: none"> - Ministry of Finance - Sectoral Ministries (agriculture, tourism, etc) - The Ministry of Digital Economy And Entrepreneurship - The Ministry of Finance - The Ministry of Social Development - Sectoral Ministries (agriculture, energy, etc) - The Ministry of Industry, Trade & Supply - Regional representations of the central administration - Local authorities 		
<p>9 Administration - competent supervisory body SSE</p>	<p>The Council of Ministers is the supervisory body as per</p> <p>Article 45 of the Constitution of the Hashemite Kingdom of Jordan:</p> <p><u>Article 45:</u></p> <p>1. *The Council of Ministers shall be entrusted with the responsibility of administering all affairs of the State, internal and external, with the exception of</p>	<p>Central Government</p>	

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	<p><i>such matters as are or may be entrusted by the present Constitution (**) or by any other legislation to any other person or body.</i></p> <p>2. <i>The duties of the Prime Minister, the Ministers and the Council of Ministers shall be defined by regulations made by the Council of Ministers and ratified by the King.</i></p> <p><i>*As amended in the Official Gazette No. 1380 of 4/5/1958.</i></p> <p><i>* As amended in the Official Gazette No. 1396 of 1/9/1958.</i></p>		
<p>10 Certifications/Register of SSE Actors</p>	<p>As mentioned above, the certification of SSE entities as follows:</p> <ul style="list-style-type: none"> - Voluntary societies, registered with Ministry of Social Development (law 51/2008 and it is amendment 22/2009). - Cooperatives, registered with Jordan Cooperative Corporation (law 18/1997). - The Higher Council for Rights of People with Disabilities (law 20/2017). - Non-for-profit companies, registered with Ministry of Industry and Trade (law 73/2010). - Specialized civil society organizations, registered with Ministries of Agriculture, Environment, Youth, Culture and Water. These societies following the laws/regulations for the 	<p>Described before.</p>	

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	voluntary societies. - Zakat Committees under Ministry of Awqaf and Islamic Affairs		
11 Measures promoting or fostering SSE	SSE enterprises have access to social economy funding (governmental or international assistance funding). Social enterprises contribute immensely to the diversity of the SSE landscape in applying business models and tools to solve social problems in new and expanding areas like energy, sanitation, affordable housing, health care, poverty, hunger, education, corruption etc.	Ministry of Social Development (MSD) , strives to enhance developmental social work and carry out social policy development. It does so through comprehensive and integrated community development.	Yes, Including tax benefits, social security, subsidies, etc...
12 Other SSE-related legislation	N.A.	N.A.	
13 Possibility to create new SSE legislation	It is possible, there are two ways as per the Constitution of the Hashemite Kingdom of Jordan, these are: <ul style="list-style-type: none"> - If the Council of Ministers believe that it is a priority. As mentioned in the Constitution of the Hashemite Kingdom of Jordan, Article 91: <i>The Prime Minister shall refer to the Chamber of Deputies any draft law, and the Chamber shall be entitled to accept, amend, or reject the draft law, but in all cases the Chamber shall refer the draft law to the Senate. No law may be promulgated unless passed by</i> 	<i>Prime Minister</i>	

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	<p><i>both the Senate and the Chamber of Deputies and ratified by the King.</i></p> <ul style="list-style-type: none"> - Ten or more Senators or Deputies propose this law, as per article 95 of the constitution: <p><u>Article 95:</u></p> <ol style="list-style-type: none"> 1. <i>* Any ten or more Senators or Deputies may propose any law. Such proposal shall be referred to the committee concerned in the House for its views. If the House is of the opinion that the proposal be accepted it shall refer it to the Government for drafting it in the form of draft law, and to submit it to the House either during the same session or at the following session.</i> 2. <i>Any law proposed by Senators or Deputies in accordance with the preceding paragraph and rejected by either House shall not be presented for a second time during the same session.</i> <i>* As amended in the Official Gazette No. 1380 of 4/5/1958.</i> 		
<p>14 Possibility to amend existing SSE legislation SSE</p>	<p>This is possible at the long-term. Below the suggestions for the amendment of the existing regulations supporting the SSE</p>	<p>Council of Ministers, through Ministry of Social Development, or the Parliament in drafting a proposed law, if the Council of</p>	

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	sector in Jordan. <u>The actions:</u> <ul style="list-style-type: none"> - Proposal to strengthen the coordination between the relevant SSE actors, as well as a proposal to have concrete figures on the SSE sector. - Support the national government (Ministry of Social Development or Ministry of Planning and International Cooperation) to implement the proposals above. After 3-5 years, start convincing the Council of Ministers	Ministers or/and at least 10 Parliament members convinced that it is an urgency.	
15	Possible implementation of (new or amended) SSE legislation	See 14 above.	
16	Problematic Identification/implementa tion of SSE regulations	<ul style="list-style-type: none"> - Lack of funding. - Lack of coordination among the different stakeholders. - Lack of capacity of MSD staff. 	N.A
17	SSE legislation and other legislation applicable to the Demonstration Action (Concrete Project)	<ul style="list-style-type: none"> - Voluntary Societies Law (no. 51) for the year of 2008, and its amendment in 2009 by the Law Amending the Law on Societies (Law 22 of 2009)⁷ - Municipalities Law (no. 41) for the year 2015 amended law on Municipalities⁸. 	

⁷The amendment was a partial response to the criticisms that the 2008 law had generated. While “societies” are the most common type of CSOs in Jordan, CSOs also comprise other entities, including “not-for-profit Companies” (NfPCs, also known as “private companies” or “private societies”).

⁸ Article 70-C in the amended municipality law: One Municipality or more may establish a housing fund for its employees, a social solidarity fund and a savings fund, each enjoying legal personality. All the provisions relating to any of them, including their financial resources, employee subscription fees, their management, organization of their affairs, the

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	<p>The Rights of Persons with Disabilities Act Law (no. 20) for the Year 2017.⁹</p>		
<p>18 Other matters and policy areas linked to SSE</p>	<p>Income Tax Law; Law No. (34) of 2014 Amended by Law No. (38) of 2018</p> <p>The benefits depend on the type of SSE entities; these are:</p> <p><u>Voluntary Societies,</u> the income of the entity is expected from the income tax, while the employees do not have any exemption. The employees and the employer are required to pay social security contributions (5.5% the employee contribution and 11% the employer), in addition to that the employee is required to pay the income tax.</p> <p><u>The Cooperative Enterprises</u> are considered as profit companies. The enterprises and the employees do not have any exemption.</p> <p><u>Non-profit companies:</u> The enterprises and the employees do not have any exemption</p>	<p>Taxation, Competition, Economic and Monetary Policy...</p>	
<p>19 Other issues to highlight</p>	<p>His Majesty King Abdullah II, inaugurating the 3rd ordinary session of the 18th Parliament (November 2019_ mentioned “Because Jordan is a</p>		

investment of their funds and the areas of spending shall be specified in by-laws issued for this purpose.

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	human-centered country, it is keen on social solidarity and that all policies, projects and plans should be aimed at the Jordanian person, his/her service, protection, and ability to continue role in building his/ her homeland and prosperity”		

CHALLENGES & RECOMMENDATIONS:

Challenges:

- Lack of coordination among the SSE actors.
- There is no available data on the social and solidarity economy, for a variety of reasons. These include, lack of clear definitions and differences in organizational forms in Jordan make it difficult to identify what should be measured, and even where there is clarity on these issues national statistical offices typically collect data by economic sectors but not by enterprise type. Consequently, the data is fragmented and only available for specific types of organizations or geographical contexts, usually where individual organizations have taken it upon themselves to compile it and make it available.

Recommendations:

- 1- There is a crucial need to: i) improve the policy coordination, and ii) a shift from a sectoral approach targeting one or a few particular types of SSE actors to a more holistic approach that recognizes the concept and role of the SSE in national development plans and programmes.
- 2- Producing SSE statistics and developing new tools to assess the SSE’s contributions.

MEASURES TO BE IMPLEMENTED:

- Establishing a national policy dialogue on SSE to share knowledge, ideas and plans, with the aim to establish an enabling environment for advocacy, networking and knowledge sharing.

OTHER INTERESTING SUGGESTIONS/NOTES:

It is important that government recognize the potential of SSE and also that the organizations and initiatives often operate in a disabling policy and legal environment. Trends associated with solidarity and cooperation at the level of SSE organizations need to be matched by solidarity and redistribution through the state via social, fiscal, credit, investment, procurement, industrial, training and other policies at different levels of government.



IDENTIFIED CONFLICTING ISSUES (if any):

- Over the past decades, Jordan has ratified a series of provisions and conventions which have demonstrated the country's commitment to improving the living conditions of some of its most vulnerable citizens, including persons with disabilities and older people. Social protection has played an increasing role in Jordan development priorities and most of the national strategies for different sectors, highlight the importance of engaging SSE entities in the implementation of the national strategies and programs.
- Despite these efforts, however, many local laws and regulations have as yet to be aligned with international standards, which give a space for SSE entities (mainly non-profit organizations) to benefit vulnerable people.
- Legislative changes in Jordan has undermined the independence of civil society actors, and restricted their capacity to function effectively. In 2010, Jordan government has endorsed a new "Association Law" with more restrictions on NGOs, including restrictions on getting approval for each funded project. Moreover and as of 2017, restrictions were increased not only on foreign funding, but also on holding public meetings and receiving bank transfers without showing the "written approval" issued by the Cabinet in the Prime Ministry, for each project.

EXAMPLES OF ACTIONS DEVELOPED IN THE FIELD OF SSE IN THE COUNTRY, REFERENCES AND HOW THEY HAVE BEEN DEVELOPED (if any):

- Over the past two decades, civil society has begun to feature more prominently among the actors tackling Jordan's socio-economic challenges. While some of the major, national NGOs, smaller NGOs tend to operate on a regional level with a more limited mandate and geographic scope



