



Jordanian Political Parties Budget Analysis

June 2019

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This research was originally written in English language.

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Introduction

Similar to any budget, an entity's expenditures determine its priorities, hence its overall direction. For this exercise, a sample of 15 political parties (Jordanian Communist Party (JCP), Popular Unity Democratic Party, Arab Socialist Baa'th Party, Justice & Reform Party, People's Jordanian Democratic Party (Hashd), National Congress Party (Zamzam), National Current Party, Islamic Action Front Party (Muslim Brotherhood), Al-Balad Al-Ameen Party, United Jordanian Front Party, Jordanian Social Democratic Party, Nationalist Movement Party, National Constitutional Party, Islamic Centrist Party, and Al-Resalah Party) were chosen to be included in this analysis. The parties represent different ideologies, and have been established in different time periods and circumstances. The analysis aims to offer a glimpse of parties' behavior through their reported budgets, generate conclusions, and propose recommendations to enhance partisan expenditures practices. The analysis was conducted based on skimming through the budgets of the aforementioned parties for the year 2017, and identifying budget items as they are reported based on pre-identified division.

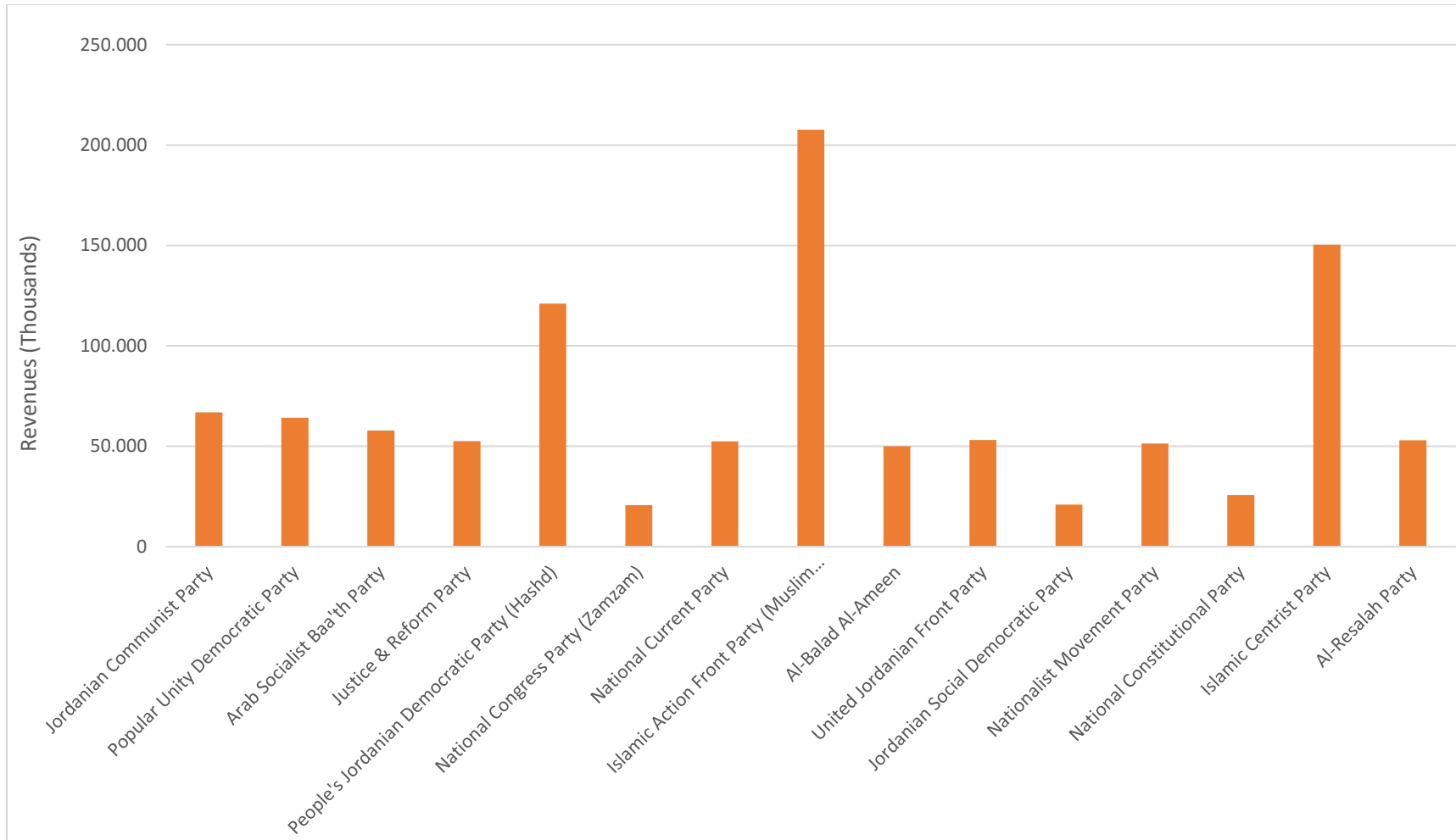
Revenues

Jordanian political parties rely heavily on government subsidies distributed on semi-annual basis as stipulated in the bylaw for subsidizing political parties. However, some parties proved that they are capable of "functioning" by relying on other sources, and in some cases without funding at all. The following sections explore the different trends of parties' revenues and how they affect their performance.

Total Revenues

The party that achieved the highest amount of revenues in 2017 was the Islamic Action Front (IAF) reaching over 200,000 JD, followed by The Islamic Centrist Party reaching 150,000 JD with less by 50,000 JD, and HASHD reaching 120,000 JD and less by more than 80,000 JD. The rest of parties' revenues hovered around the 50,000 JD mark, which in most cases represents the subsidies provide by the government plus other revenues such as donations and members subscriptions, except for the National Congress Party (Zamzam), The Jordan Social Democratic Party (JSDP), The Islamic Centrist Party, and the National Constitutional Party, where the first registered the least amount of revenues (around 20,000 JD) as it did not receive any government subsidies since it was established only recently and did not become eligible to receive any government subsidies as instructed in the bylaw for subsidizing political parties. while JSDP registered slightly higher than Zamzam but was only eligible for one subsidy payment from the government as it was not established long time ago. As for the National Constitutional Party, it appears that the party had made some misdemeanors against the some of the Political Parties Financial Subsidy Bylaw clauses that made it ineligible to receive the full subsidy amount. While The Islamic Centrist Party appears it did not receive any at all as reported in its budget.

Figure 1: Political Parties Total Revenues 2017



Government Revenues

Government subsidies remains the largest contributor to the revenues of political parties, yet some parties have managed reduce its dependency on government subsidies by activating options such as donations, or collecting subscriptions from their members.

The following figures shows the total amount of subsidies provided to parties from the government and their percentages in comparison to the entire revenues.

Figure 2: Total Government Subsidies Provided to Political Parties 2017

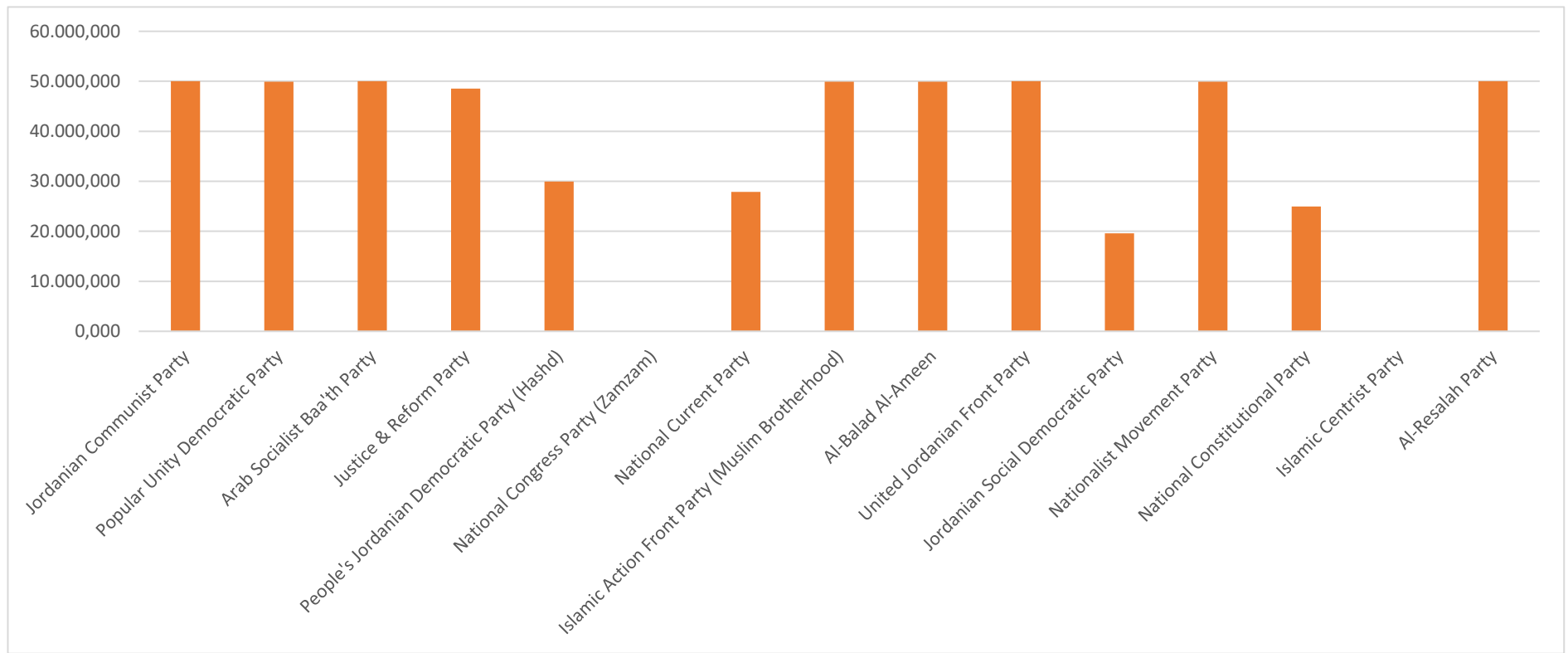
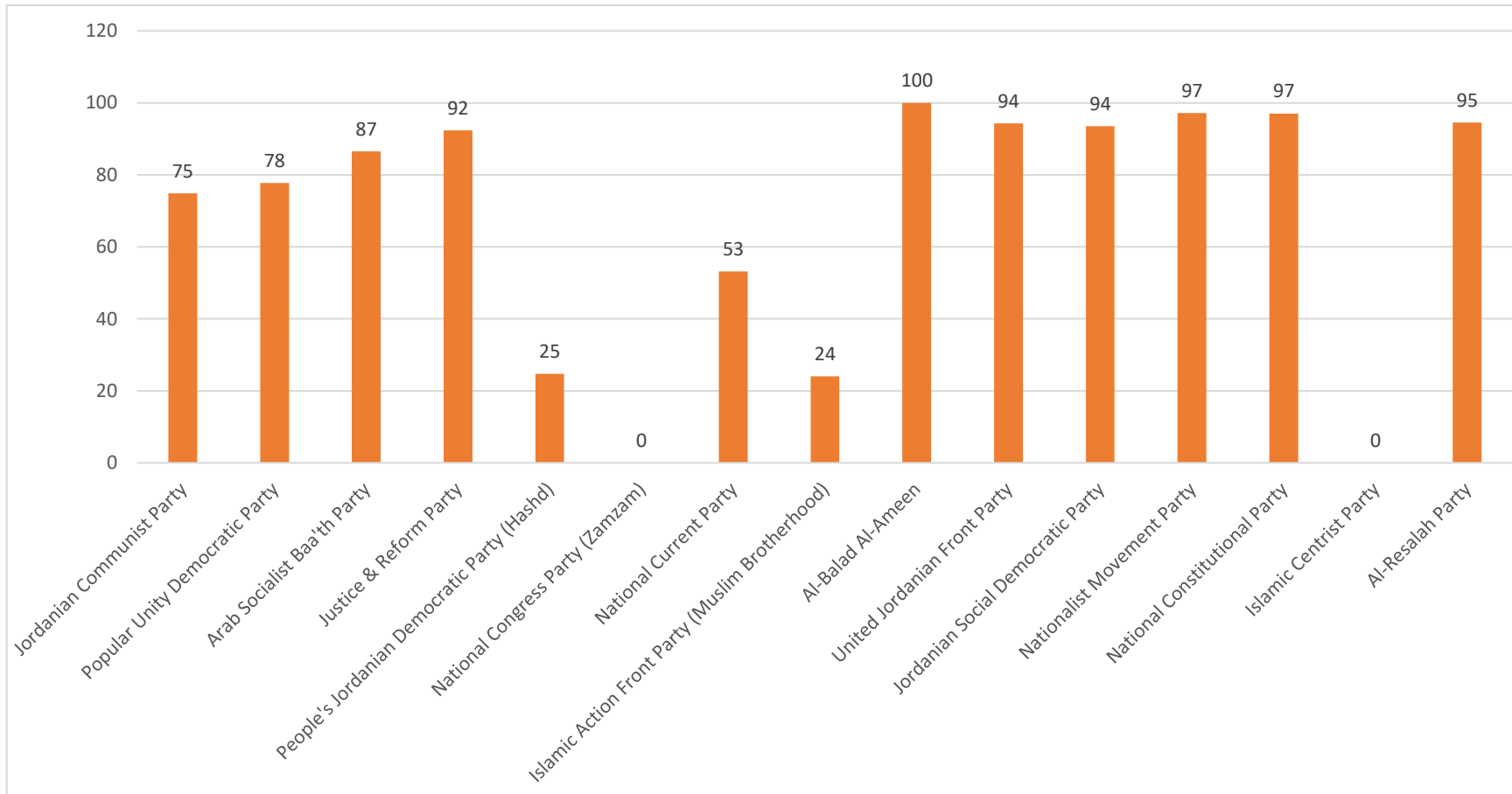


Figure 3: Percentage of Government Subsidies of Total Revenues



Out of 15 political parties selected for this study, 9 parties have received the full subsidy amount while 4 received a portion of it either due to misdemeanors made by them such as HASHD, The National Current Party, and The National Constitutional Party, or due to the fact that they have been newly established and did not become eligible for the full subsidy payment such as the Jordanian Social Democratic Party. The remaining two parties (Islamic Centrist Party and Zamzam) did not receive any subsidy as the former may have made misdemeanors that made it ineligible to receive the subsidy and this is only an analysis and not a solid information, while the latter did not become eligible as it was newly established at the time.0

Amongst parties that received the full amount of government subsidies, Al-Balad Al-Ameen Party registered the highest reliance on government subsidies reaching 100% of the total revenue for 2017. While the Islamic Action Front Party registered the lowest reliance on government subsidies (24%), which is quite an impressive ratio, especially when compared to other parties. HASHD Party registered the second lowest (25%), yet as mentioned previously, HASHD did not receive the full amount of subsidy in 2017, had it received the full amount the dependency would have increased to at least 35%. The same also applies to the National Current Party which registered 53% dependency rate but did not receive the full amount, and had it received the full amount the dependency rate would have jumped to reach at least 67%. The IAF is the only party that received the full amount of subsidies yet managed to achieve the lowest dependency rate on government subsidies.

It is worth noting that some of the parties who received the full subsidy amount have reported the amount of 49,925 JD instead of 50,000 JD, which is basically the same as parties are required to pay a “Stamp” fee of 75 JD to the government upon receiving the subsidy, so some parties deduct this fee amount from the

subsidy while some others keep it and include it as an expenditure. Therefore, it is nothing more than different accounting and reporting method.

Members Subscriptions

In general, members subscriptions provide an important source of revenue to parties. Out of the parties' that were chosen for this analysis, it seems that this option is not activated or utilized properly, and is not given much attention. As we will see in the figures below, subscriptions-generated revenues are slim and do not comprise a large percentage of the total revenues.

As shown in figure 4, the IAF have managed to collect the highest amount of members subscriptions reaching 28,000 JD. This indicates that the party has an effective mechanism for collecting subscriptions, which is a sign of institutionalism, and large members base. The parties that followed were HASHD Party and the National Current Party registering 26,000 JD and 18,000 JD respectively.

In terms of percentage of subscriptions revenue to the overall revenue, the National Current Party registered the highest amount reaching 34%, followed by HASHD 22%, and the Popular Unity Democratic Party 15%. Despite the IAF registering the highest amount of members subscriptions, the percentage of members subscriptions to the overall revenue has reached only 14%, mainly because there are other sources of revenue that exceed members' subscriptions. It is worth noting that three parties (Justice & Reform Party, Al-Balad Al-Ameen Party, & Jordanian Social Democratic Party) out the selected 15 parties did not report any revenues from members subscriptions.

Figure 4: Total of Members Subscriptions Amount Per Party 2017

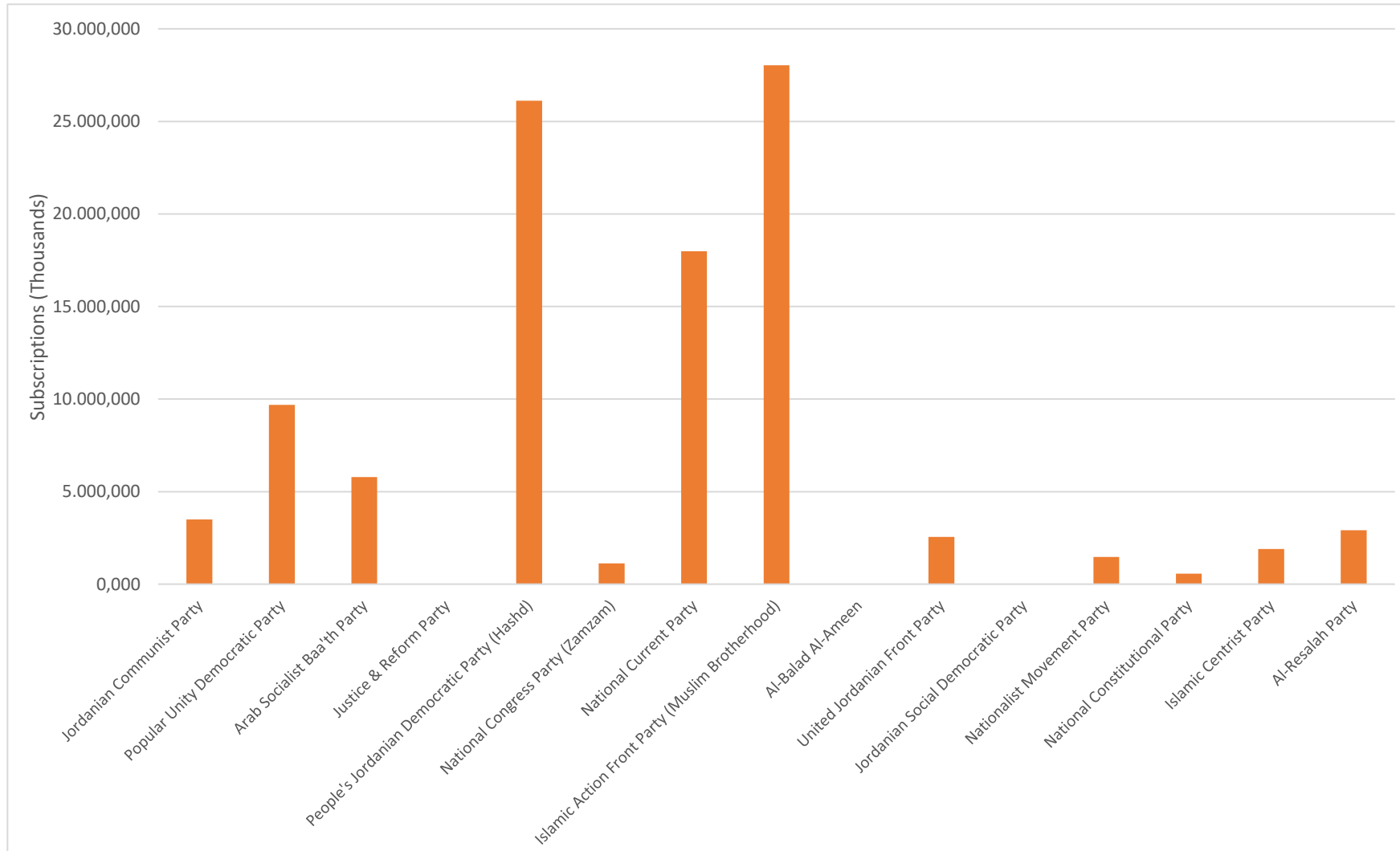
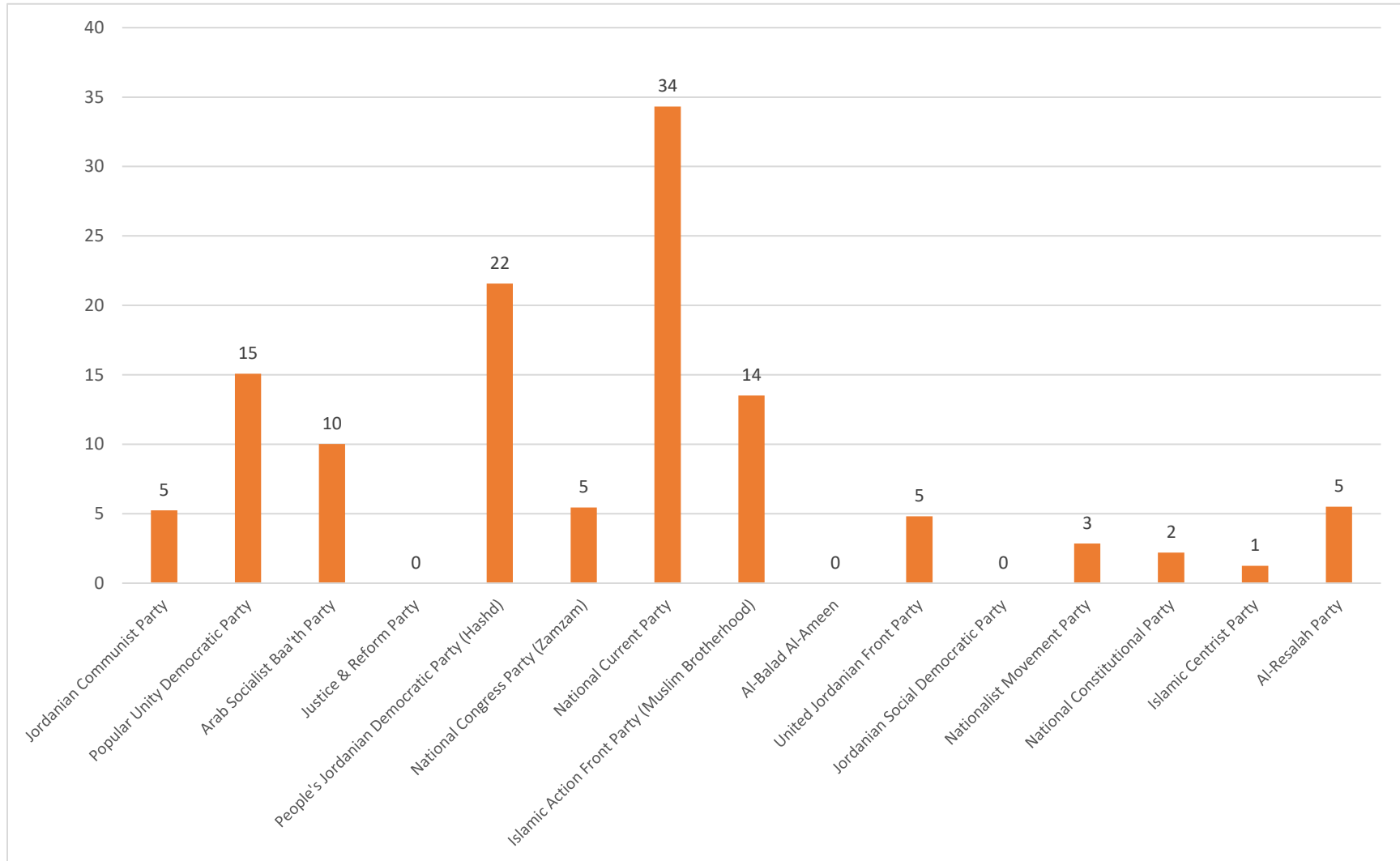


Figure 5: Percentage of Members Subscriptions to Total Revenues Per Party 2017



Donations

Same with members subscriptions, donations to political parties remain an unexplored area for many parties, and although this can be referred to lack of interest in parties, small support base, or lack of participatory culture, parties should at least try to stimulate their members and/or supporters to donate to the party to better enable them to serve their purposes and uphold the party's mission.

A surprise anomaly to the previous charts here is the Islamic Centrist Party, which managed to gather 148,000 JD in donations, surpassing the IAF which managed to gather 126,000 JD and less by 22,000 JD, followed by HASHD which registered 58,000 JD, and Zamzam registering 19,000 JD. This is also an indicator of strong support to these parties, institutionalism, and effective fundraising mechanisms. What is interesting here is that the parties that came in after the Islamic Centrist Party and IAF were parties that did not receive the full subsidy amount like HASHD or did not receive it at all as in the case of the National Congress Party (Zamzam), indicating that at times of financial hardship parties can scramble their bases to raise funds to sustain their operations, and are thus somewhat ready in case they were faced with stricter financing bylaws from the government to stimulate them to be more proactive in seeking support from their bases.

The Islamic Centrist Party has achieved the highest percentage of donations compared to total revenues reaching 99%, followed by the National Congress Party (Zamzam) reaching 93%, IAF 61%, HASHD 48%, and the National Current Party 12%.

Figure 6: Total Donations Revenues Per Party 2017

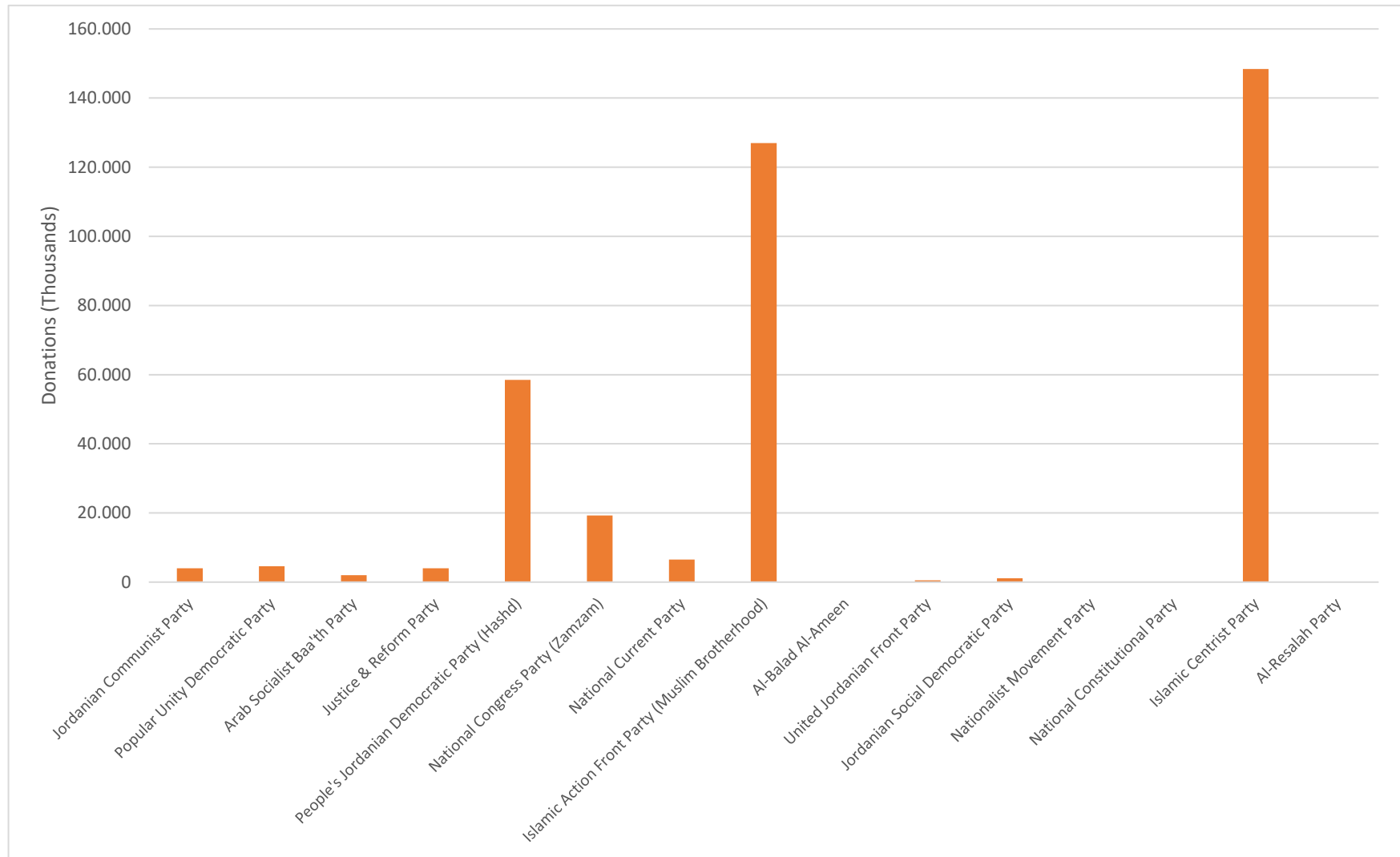
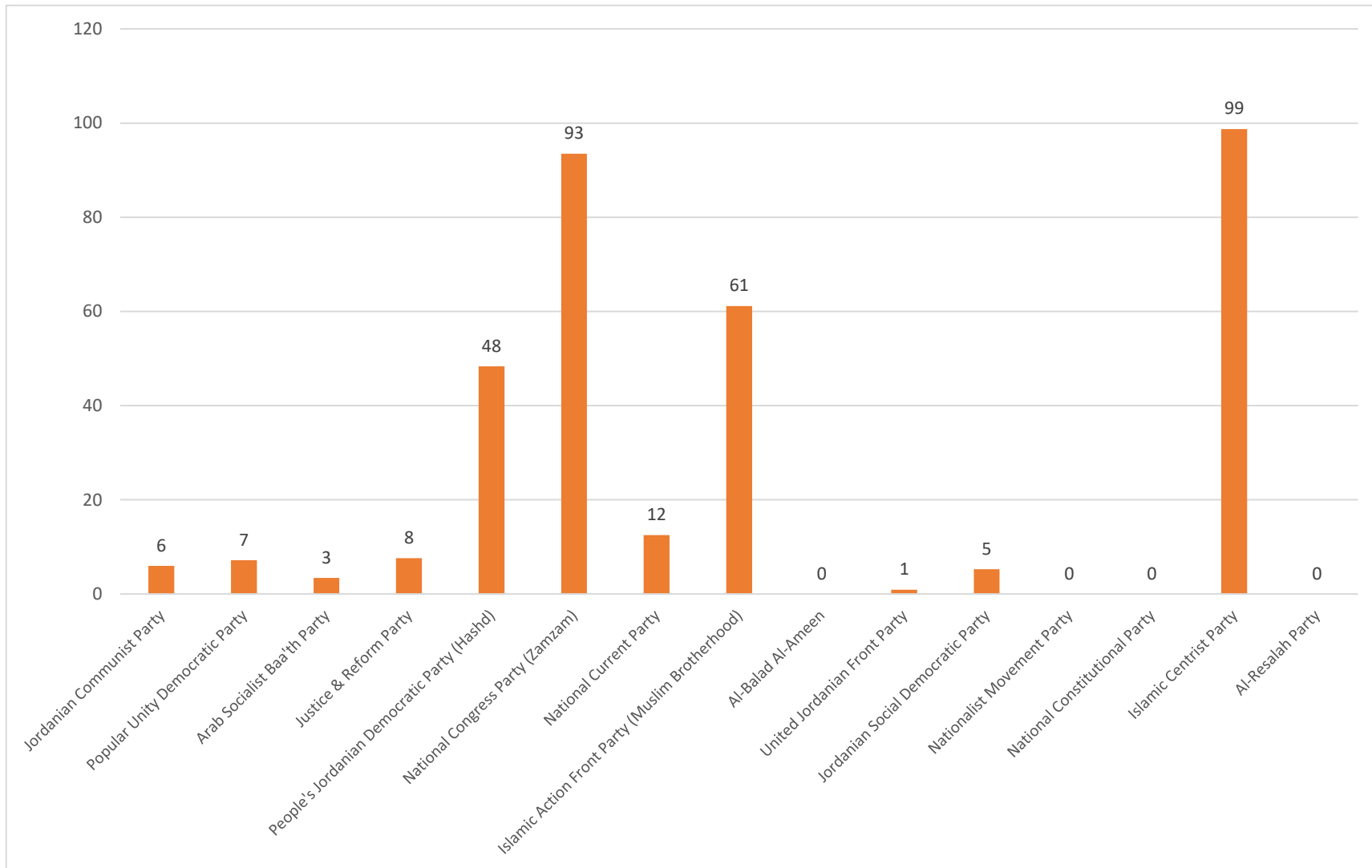


Figure 7: Percentage of Donations to Total Revenues Per Party 2017



Other Revenues

Other revenues constitute fees for new members registration as in the case of the IAF and Zamzam parties, prints revenues as in the case of HASHD party, or as in the case of the Communist Party where a case against a former party employee who stole party funds were won and the money have been retrieved. Usually these funds do not comprise large amounts and are not relied on very much. However, an interesting mention of “Investment Returns” was registered in the IAF’s records with an amount of 1,067 JD. Although this is not a large amount, it remains an interesting fact to see a party making investments and utilizing the returns of this investment to support partisan activities. Other revenue resources such as “Renting Facilities Returns” of 250 JD was registered for JSDP, and “Interest Returns” of 196.174 JD was registered for the National Constitutional Party. Such practices would be advised to other parties and The Ministry of Political & Parliamentary Affairs (MoPPA) could play a major role in introducing them.

Figure 8: Total of “Other Revenues” Per Party 2017

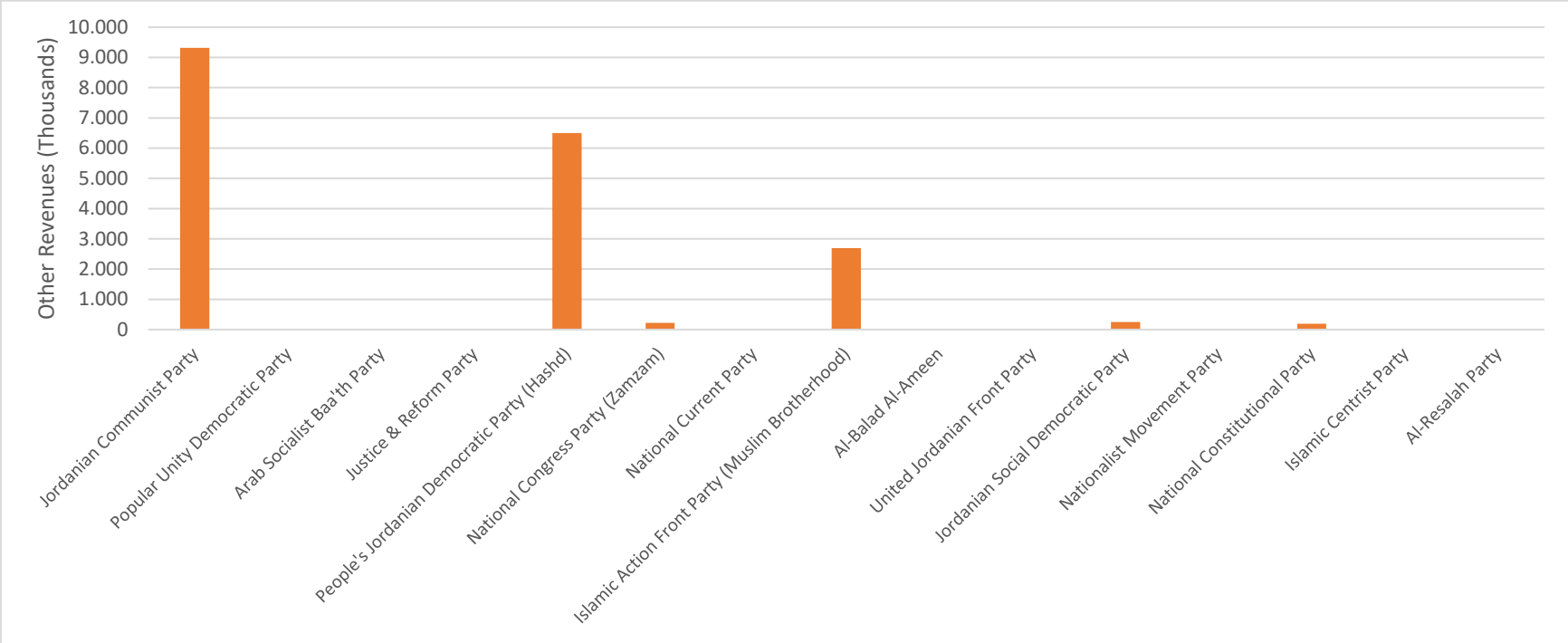
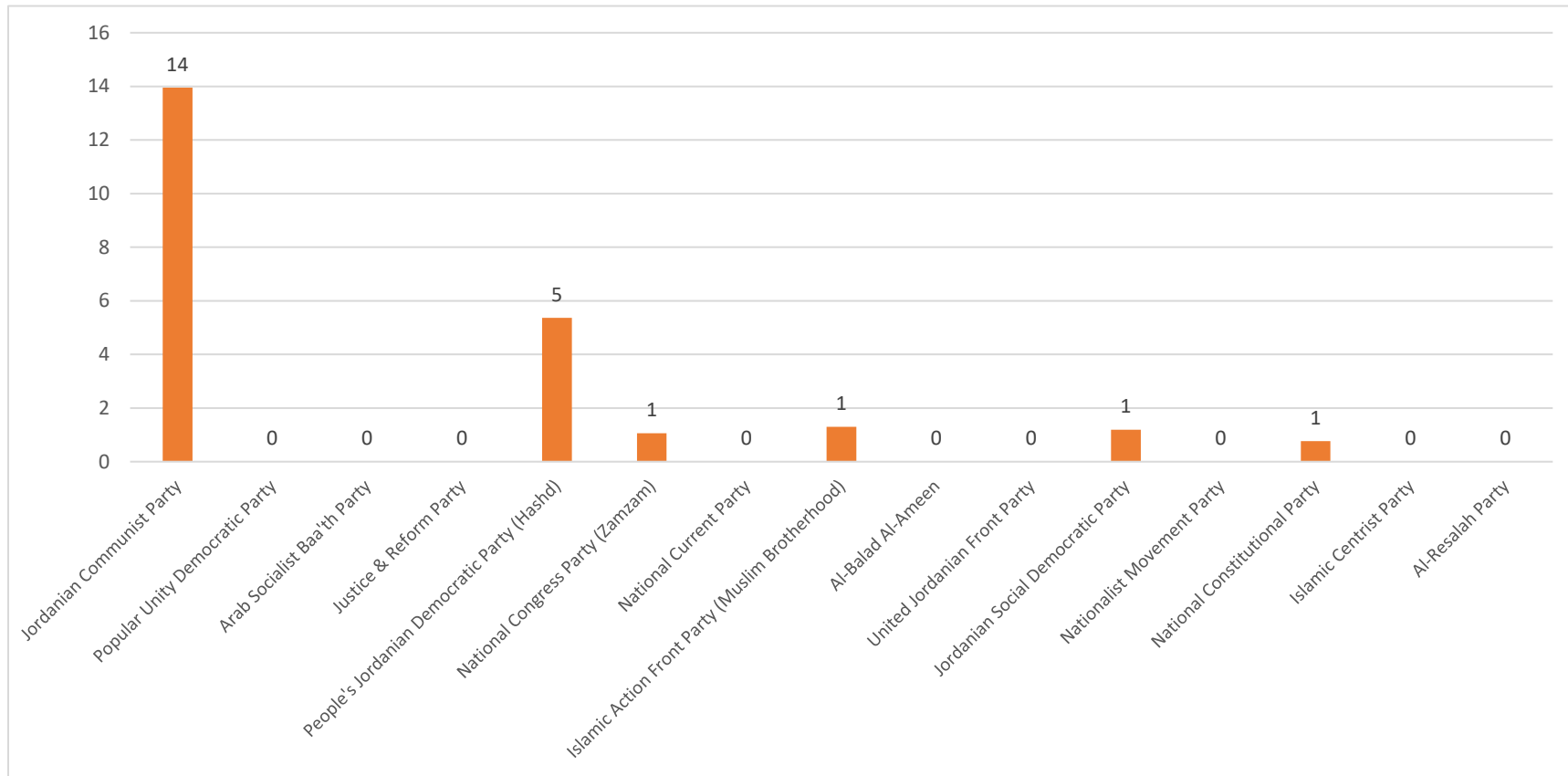


Figure 9: Percentage of “Other Revenues” of Total Revenues Per Party



Expenditures

Except for some capital expenditures such as equipment here and there, the vast majority of parties' expenditures go to recurrent expenditures such as salaries, rent, and other admin costs. Leaving very little to expenditures on partisan or outreach activities which is supposed to be the core of the party's mission and would help parties in introducing their message to the public and gain additional support. This trend can be seen in all parties except for few exceptions, and it sends the wrong message about the goal of parties that do not exercise an active presence in the public.

Salaries Expenditures

Salaries comprise a large chunk of parties' expenditures, yet as a non-profit institution, it is advised that parties do not exceed the 20% benchmark for salaries of their total expenditures. As shown in the figure below, some parties have exceeded this benchmark by a large margin.

In absolute terms, the IAF registered the highest amount of expenditures on salaries reaching 44,000 JD, followed by HASHD reaching 29,000, and The Popular Unity Democratic Party reaching 25,000 JD. However, when salaries expenditures are compared as a percentage to the overall expenditures, the situation differs significantly. The Jordanian Social Democratic Party registered the highest amount of salaries to total expenditures ratio reaching 52%, followed by the Popular Unity Democratic Party reaching 37%, and 33% for both the National Constitutional Party and Al-Resalah Party. The National Congress Party registered the lowest amount reaching 11%, as for the IAF and despite the high amount of salaries paid annually, the percentage did not exceed 19%, since there are other expenditures that dominate the list.

Figure 10: Total Salaries Expenditures Per Party 2017

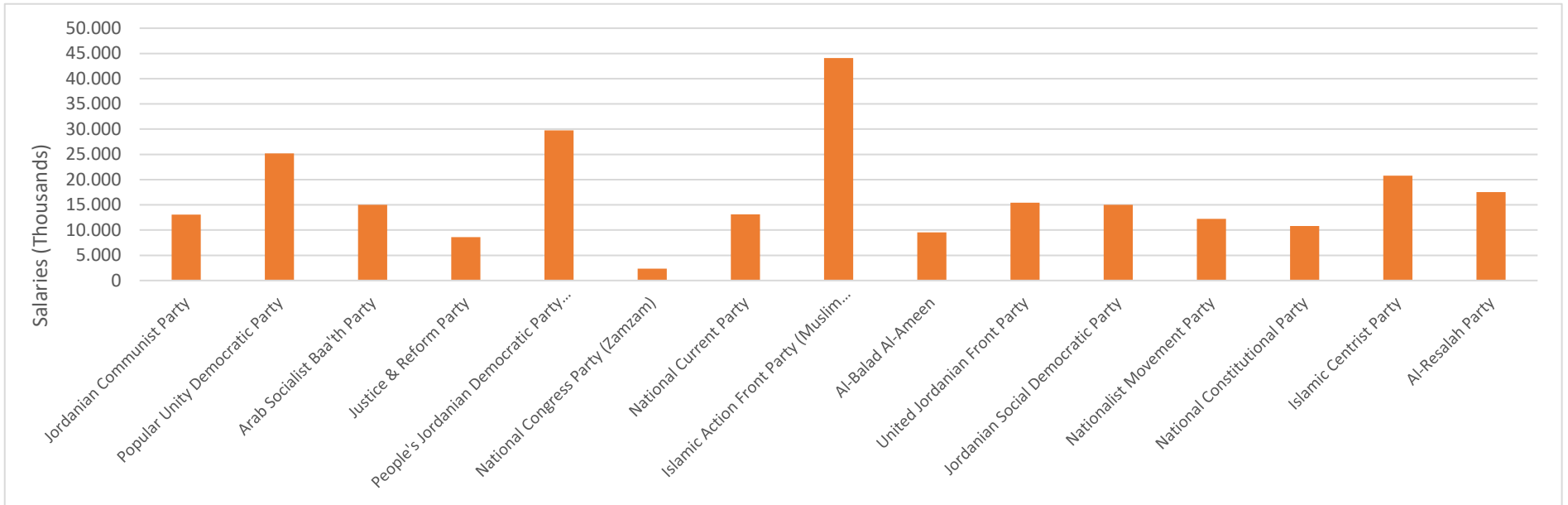
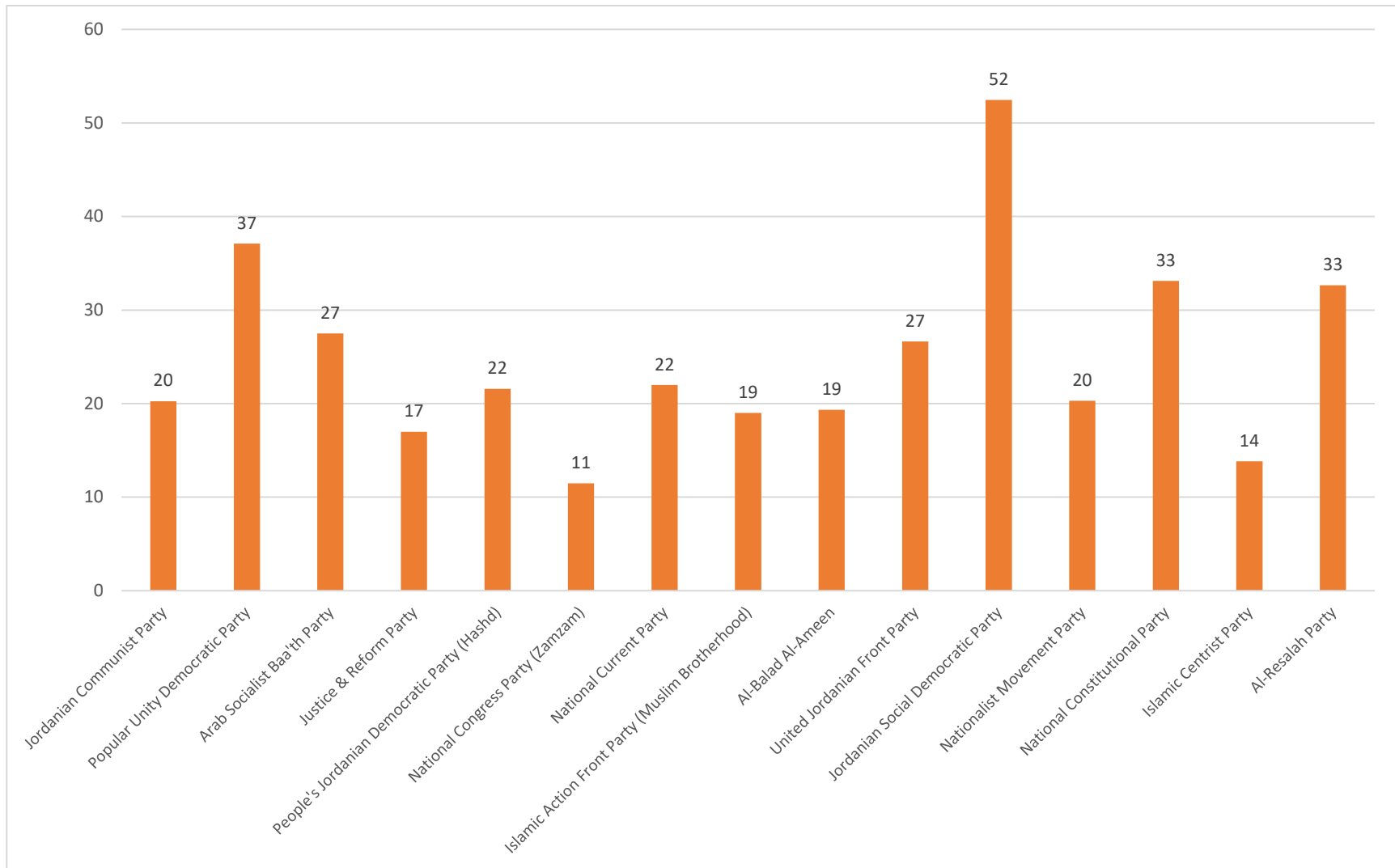


Figure 11: Percentage of Salaries Expenditures of Total Expenditures Per Party 2017



Rents Expenditures

Rents also comprise a large chunk of parties' expenditures. Same as with salaries, the total amount of rent expenditures is not recommended to exceed 20% of the total expenditures. Except for three parties' (The Jordanian Communist Party, HASHD Party, and The National Congress Party) parties exceeded the 20% benchmark, some by large margins. The IAF had the highest amount of expenditures on rents by a large margin when compared to other parties in the sample group. Yet the percentage of rents expenditures of the total expenditures did not exceed 29%. However, this can be justified by the fact that the IAF has the highest amount of branches exceeding other parties by a large margin and reaching 38 branches distributed across 12 governorates, while the National Current Party has only one branch and spends an annual amount of 23,000 for rents, making it the least efficient in this aspect. In terms of rent expenditures percentage, The Justice & Reform Party registered the highest percentage reaching a staggering 56% with 7 branches distributed across 7 governorates, followed by the National Current Party registering 39%, and the Arab Socialist Baa'th Party registering 30%.

Figure 12: Total Rent Expenditures Per Party 2017

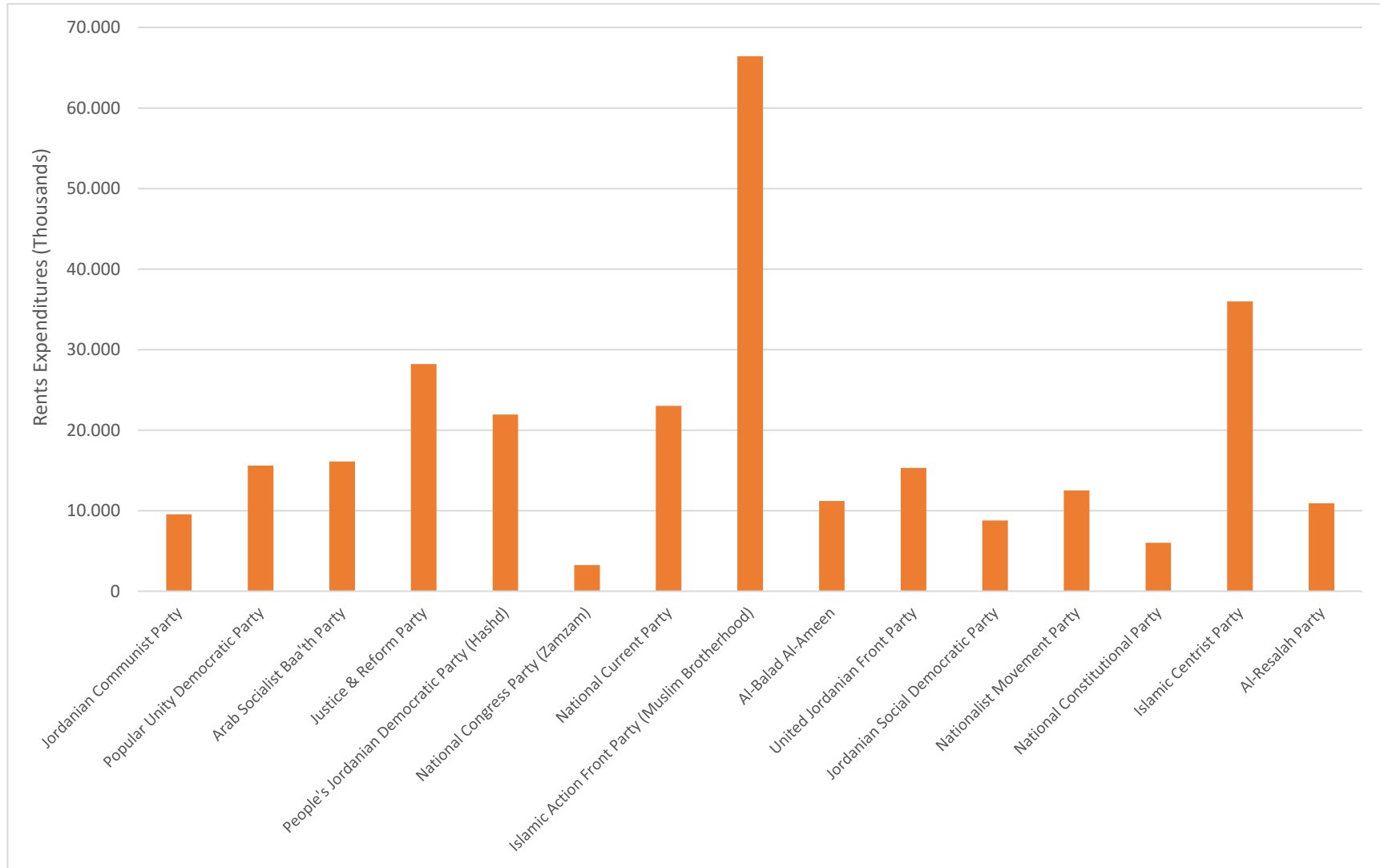


Figure 13: Percentage of Rent Expenditures of Total Expenditures Per Party 2017

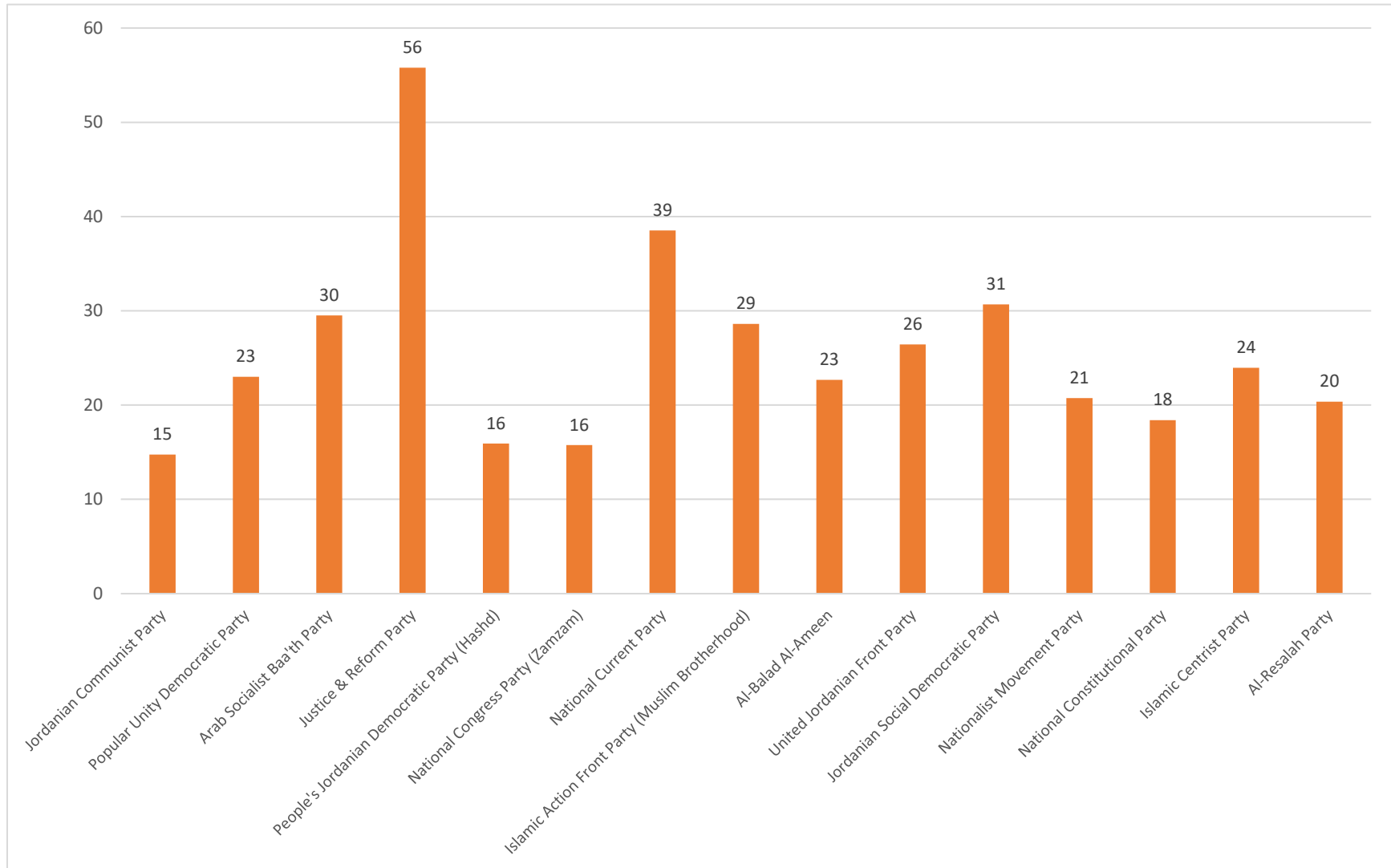


Table 1: Political Parties' Branches Across Governorates¹

Party	Number of Branches	Governorates Covered
Jordanian Communist Party	5	5
Popular Unity Democratic Party	5	5
Arab Socialist Baa'th Party	6	6
The Justice & Reform Party	7	7
People's Jordanian Democratic Party (Hashd)	9	6
National Congress Party (Zamzam)	1	1
National Current Party	1	1
Islamic Action Front Party (Muslim Brotherhood)	38	12
Al-Balad Al-Ameen	4	4
United Jordanian Front Party	4	4
Jordanian Social Democratic Party	6	6
Nationalist Movement Party	4	4
National Constitutional Party	1	1
Islamic Centrist Party	12	10
Al-Resalah Party	5	7

¹ According to the statistics of Ministry of Political & Parliamentary Affairs 2018

Partisan Activities Expenditures

Partisan activities expenditures are the most important part of any party's planning and budget. Therefore, a special focus will be relayed on this section to differentiate between active and non-active parties. For the purpose of this analysis, only budget items that are explicitly reported as "partisan work" such as conferences, missions, events, elections, supporting MP's, or party coalitions were listed as partisan expenditures. Expenditures reported as "Hospitality" are not considered partisan expenditures unless it was mentioned that it was for a partisan event. This list may not be comprehensive and give the full picture of parties' work, yet it should provide a considerable piece of information to the decision-maker and anyone who looks at party's finances.

Figure 14: Total Partisan Activities Expenditures Per Party 2017

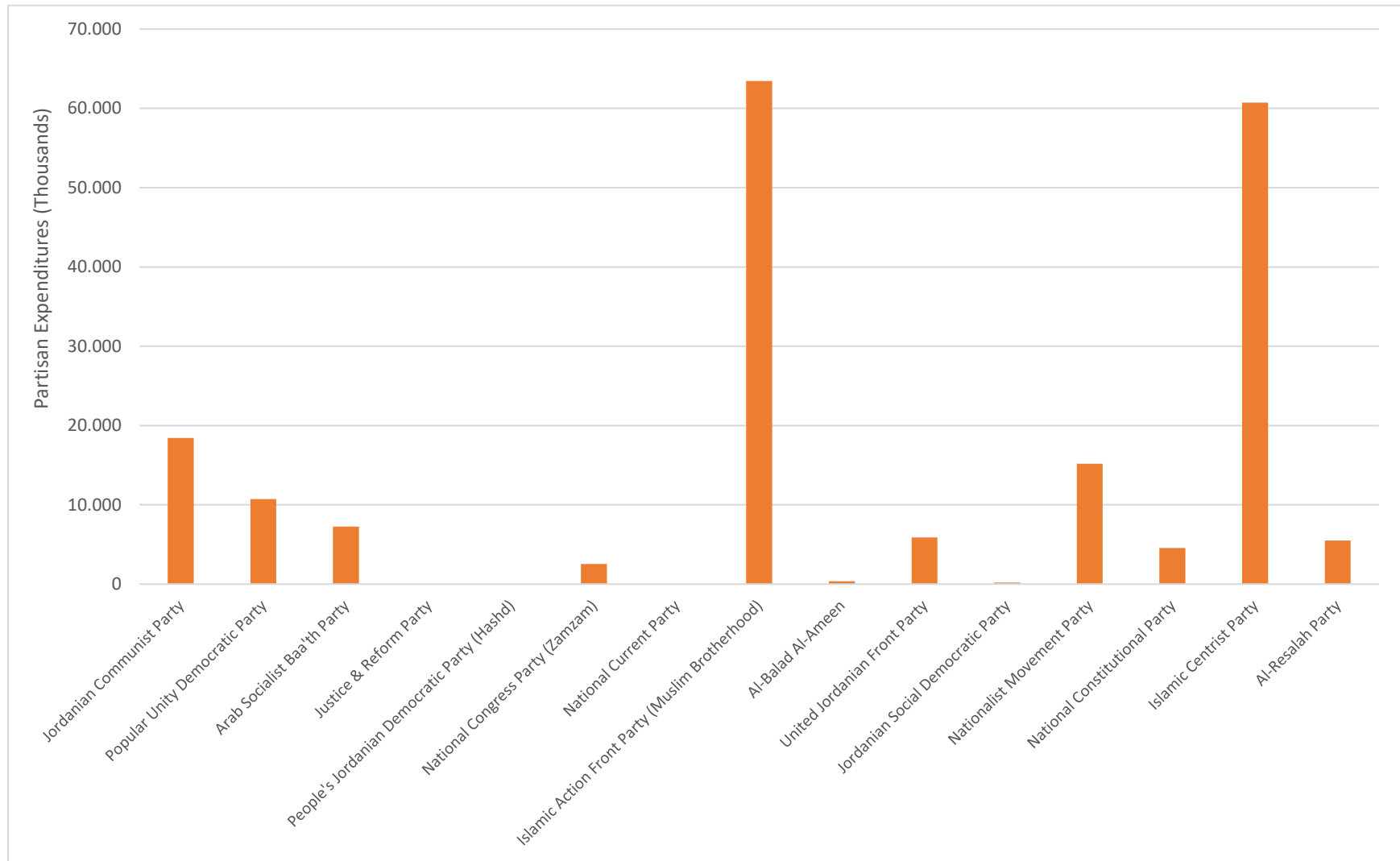
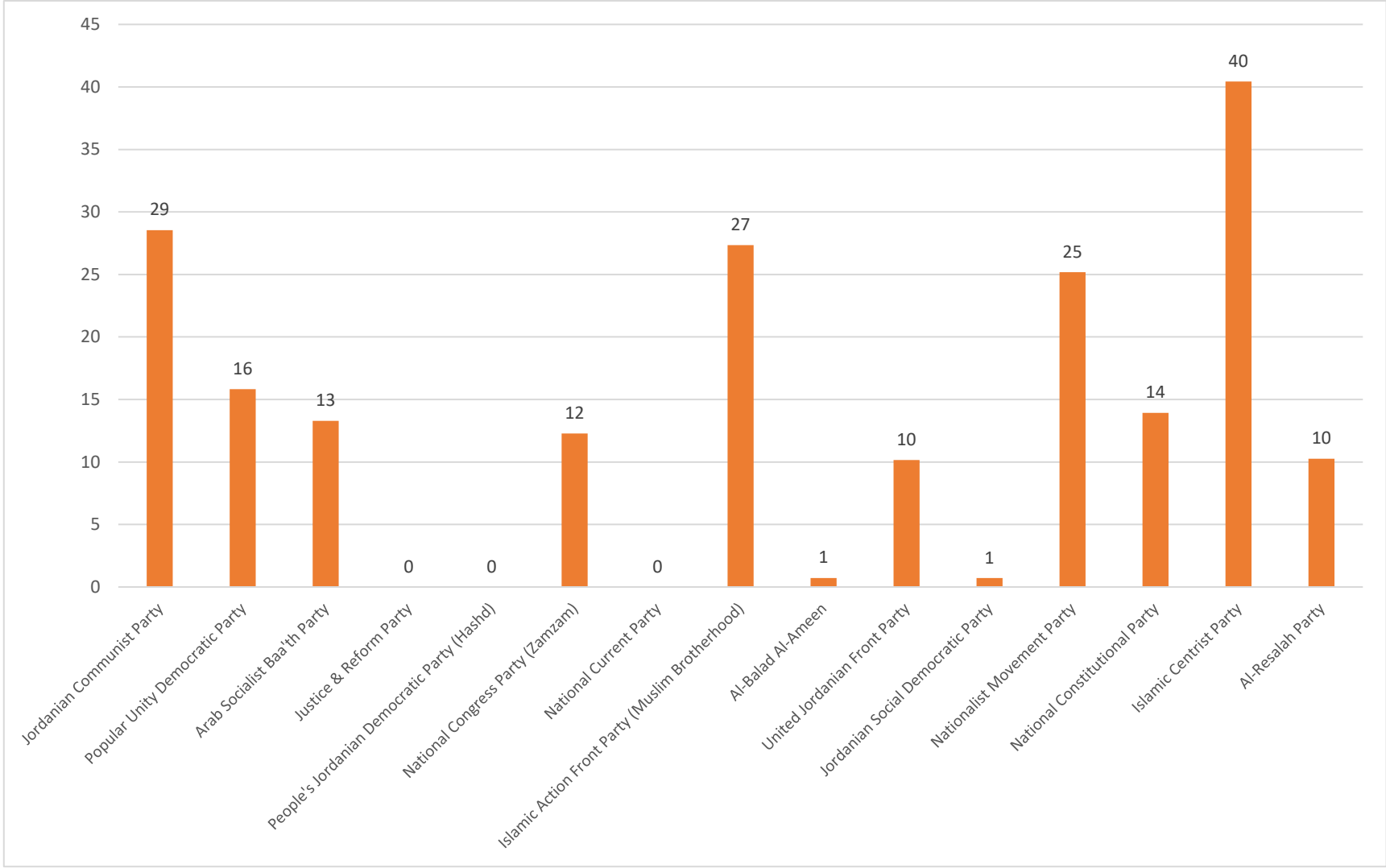


Figure 15: Percentage of Partisan Expenditures of Total Expenditures Per Party 2017



In absolute terms, the IAF dominated the list of partisan expenditures registering an amount of 63,000 JD, followed closely by the Islamic Centrist Party registering 60,000 JD, Jordanian Communist Party registering 18,000. The Justice & Reform Party, HASHD Party, the Jordanian Democratic Socialist Party, and the National Current Party did not have any “partisan” expenditures listed in their reported budgets. The expenditures of the (JCP) were mainly for participating in the 2017 Decentralization & Municipal Elections, as for the IAF the expenditures varied between conducting partisan events, supporting MP’s offices, and conferences.

In terms of percentage, the Islamic Centrist Party registered the highest percentage on partisan expenditures compared to total expenditures reaching 40%, followed by JCP registering 29%, the IAF registering 27%, and The Nationalist Movement Party registering 25%.

Outreach Expenditures

Outreach expenditures are of great importance to partisan work and complement any other activities that parties do such as conferences and events. For the purpose of this analysis, any budget items such printing newspapers, newspaper announcements, or website development have been listed under outreach expenditures.

As seen in the figures below, all parties allocate some amount for outreach with different amounts, except for the Arab Socialist Baa’th Party which does not include any outreach related budget items. The party with the highest amount of outreach expenditures in both absolute and relative terms is HASHD party registering 30,000 JD and 22% respectively, followed by the JCP registering 10,000 JD and 16% respectively.

Figure 16: Total Outreach Expenditures Per Party 2017

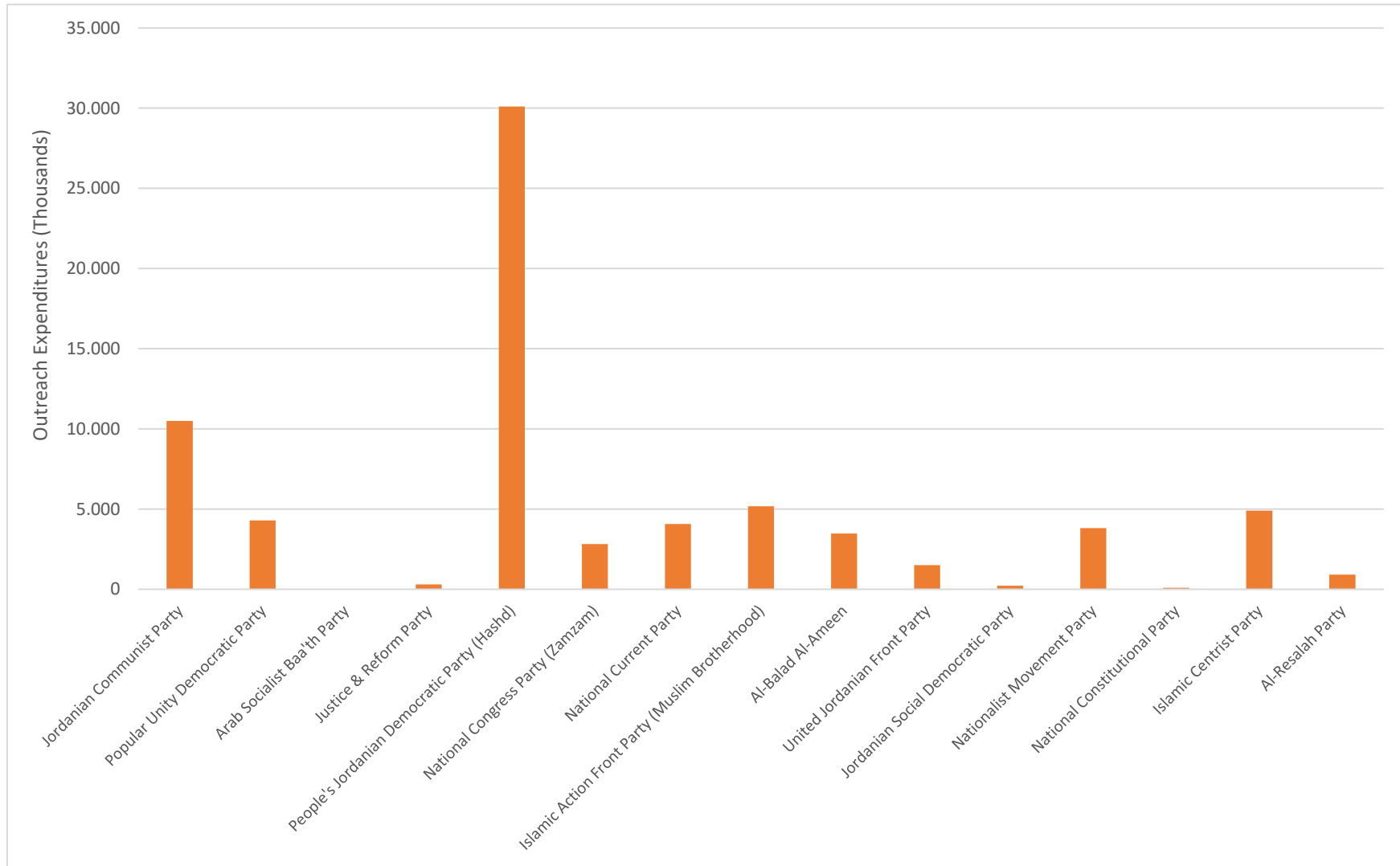
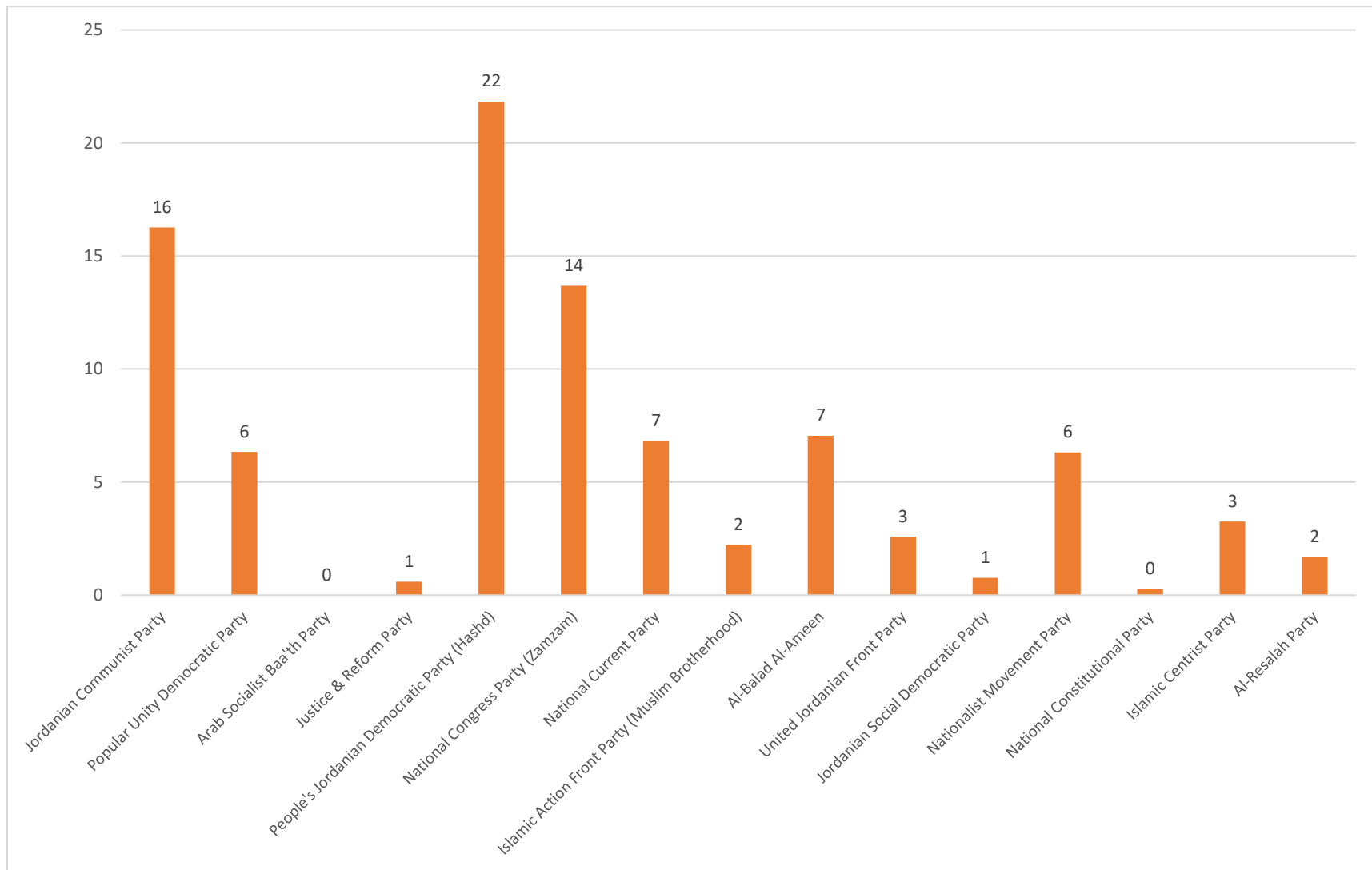


Figure 17: Percentage of Outreach Expenditures to Total Expenditures Per Party 2017



Depreciation Expenditures

Depreciation expenditures refer to the amount of depreciation in fixed assets, and although it is not an actual expenditure, in terms of accounting it is included in the expenditures list, and should be highlighted. Below is the list of depreciation expenditures per party.

Figure 18: Depreciation Expenditures Per Party 2017

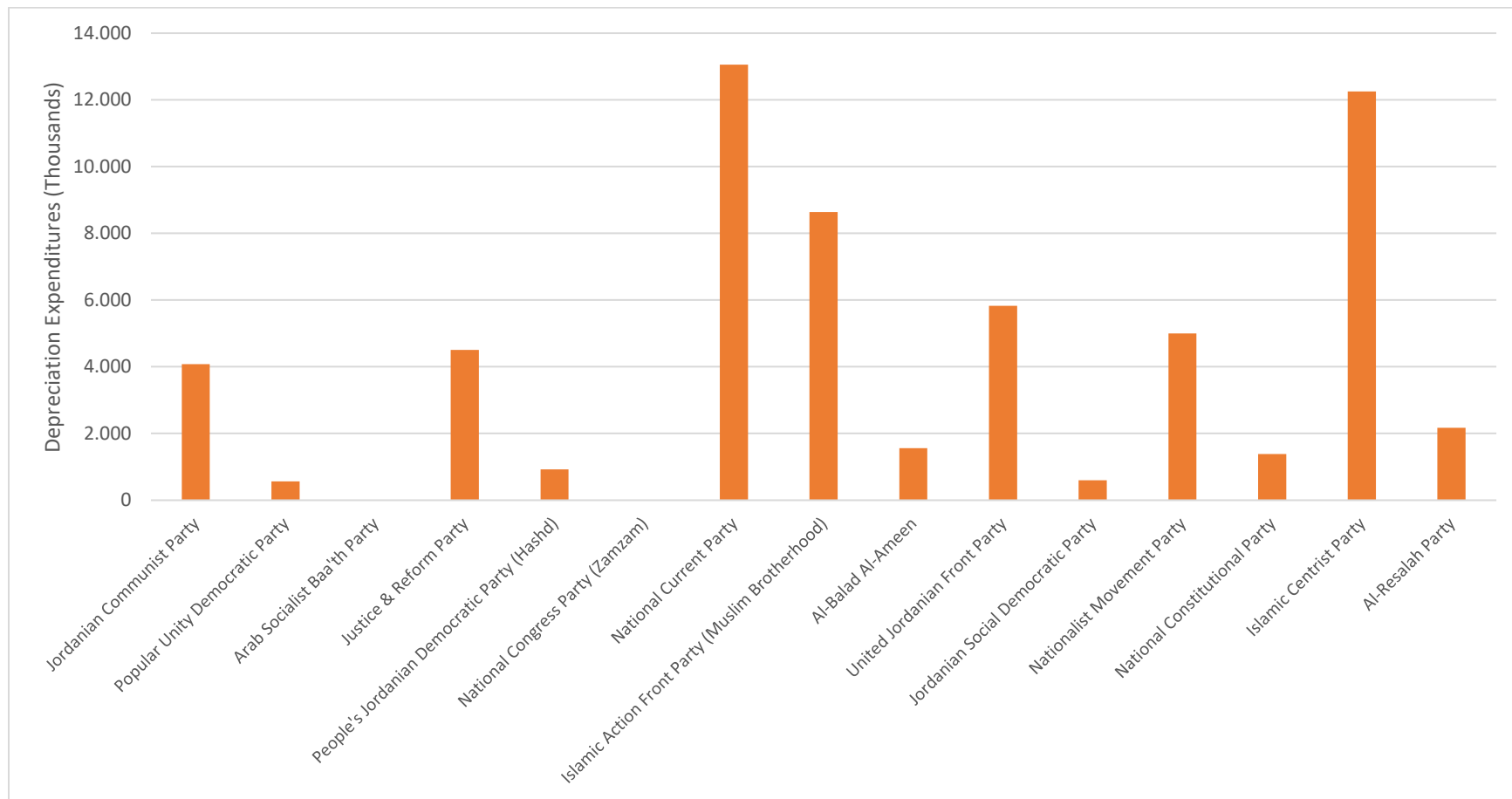
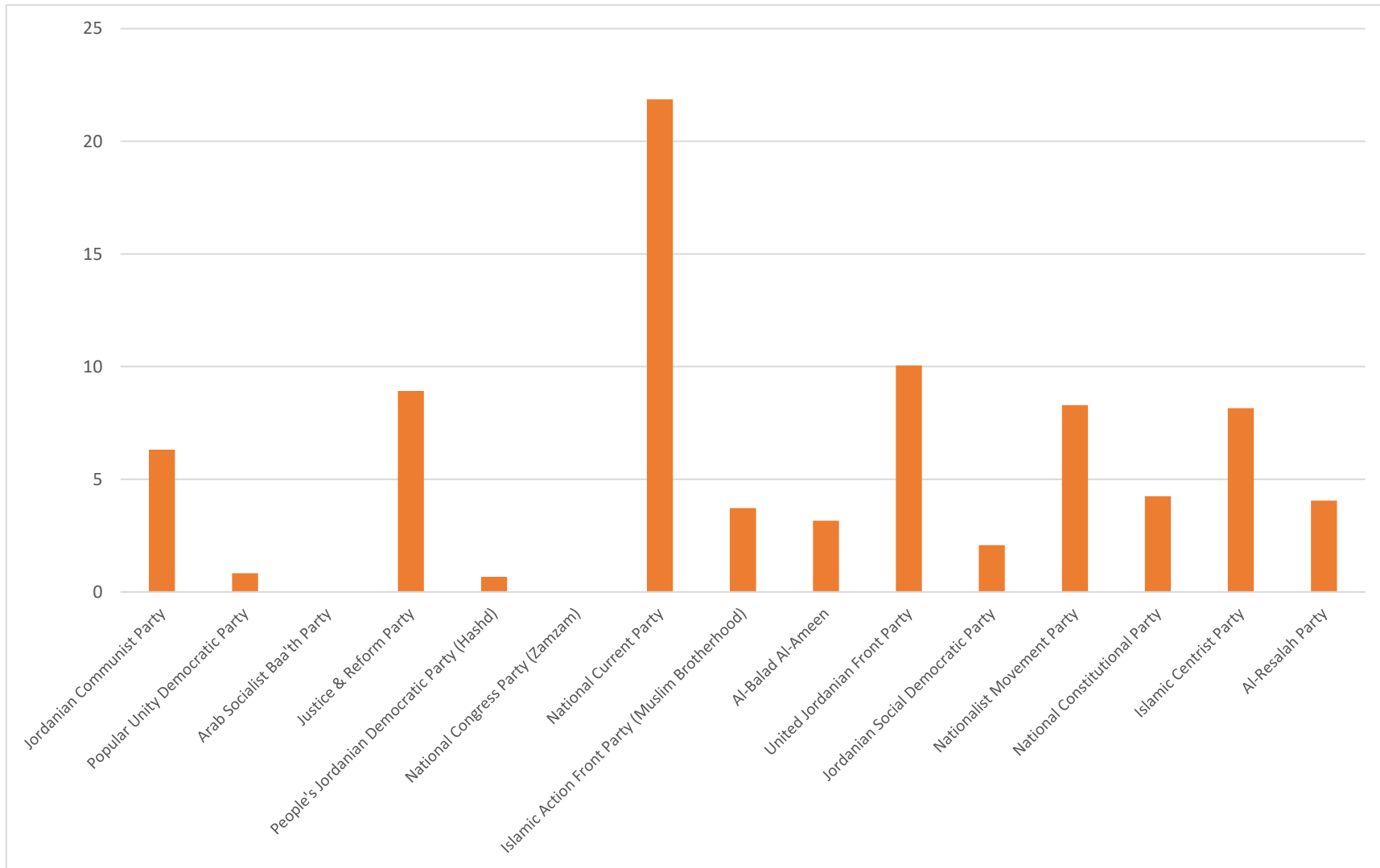


Figure 19: Depreciation Expenditures Percentage to Total Expenditures Per Party 2017



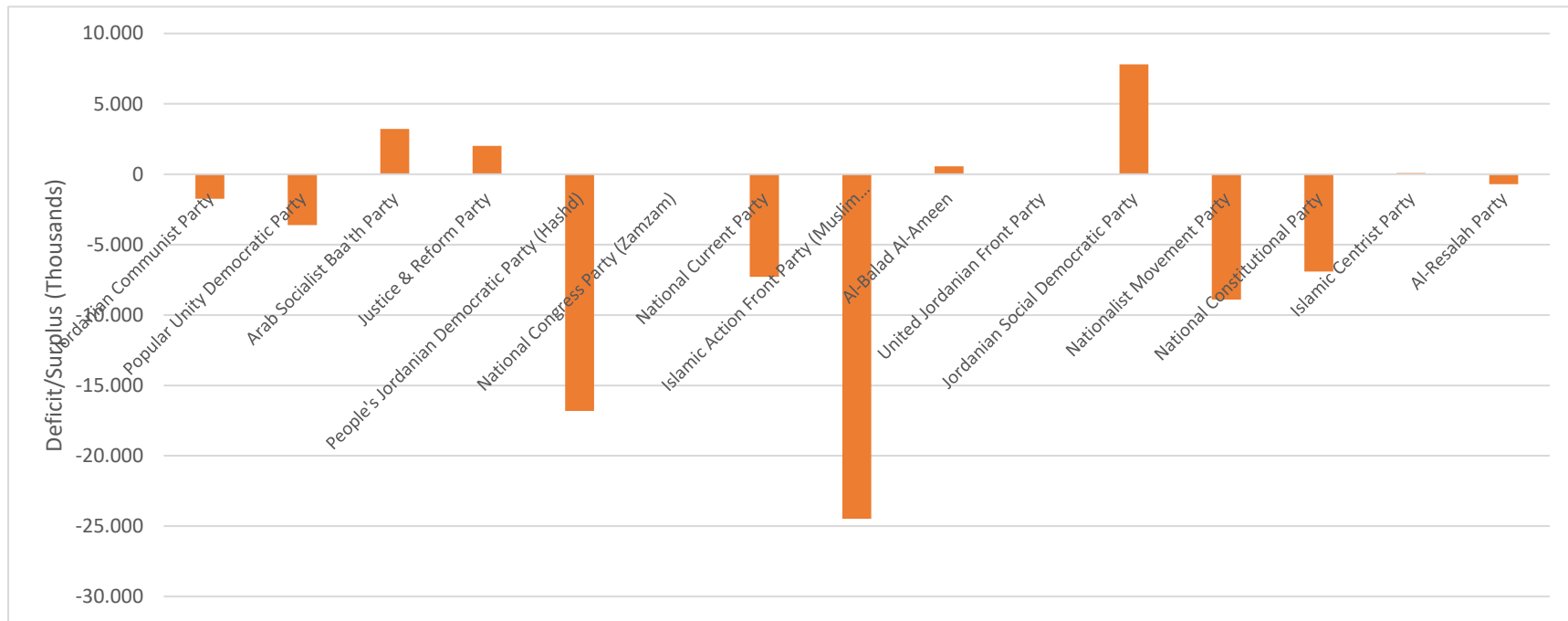
Deficit/Surplus

A deficit or surplus in party's budget indicates the level of planning a party has. Usually, the best-case scenario would be to spend the exact amount according to the estimated budget. Incurring a deficit or surplus indicates that the party has deviated from its original plan or faced expenses that were not accounted for, which in both cases could indicate a planning failure.

The IAF have incurred the highest amount of deficit registering 24,000 JD followed by HASHD Party registering 16,000 JD. The only parties that registered a budget surplus were the Jordanian Social Democratic Party registering 7,811 JD, Arab Socialist Baat'h Party registering 3,214 JD, Al-Balad Al-Ameen Party registering 568, followed by the Justice & Reform Party registering 2,019 JD, and Zamzam registering 3 JD.

Below are the deficit/surplus figures for chosen parties for 2017.

Figure 20: Deficit/Surplus Per Party 2017



Other Expenditures

Other expenditures are all the other expenditures that were not included in the above sections. These expenditures include bills for water, electricity, internet, and phones, hospitality expenditures, maintenance, transportation, stationary, and other miscellaneous items. The percentage of these expenditures hover between 20-25 percent of total expenditures.

Parties Financial Profiles
Figure 21: Jordanian Communist Party Finances (Thousands)

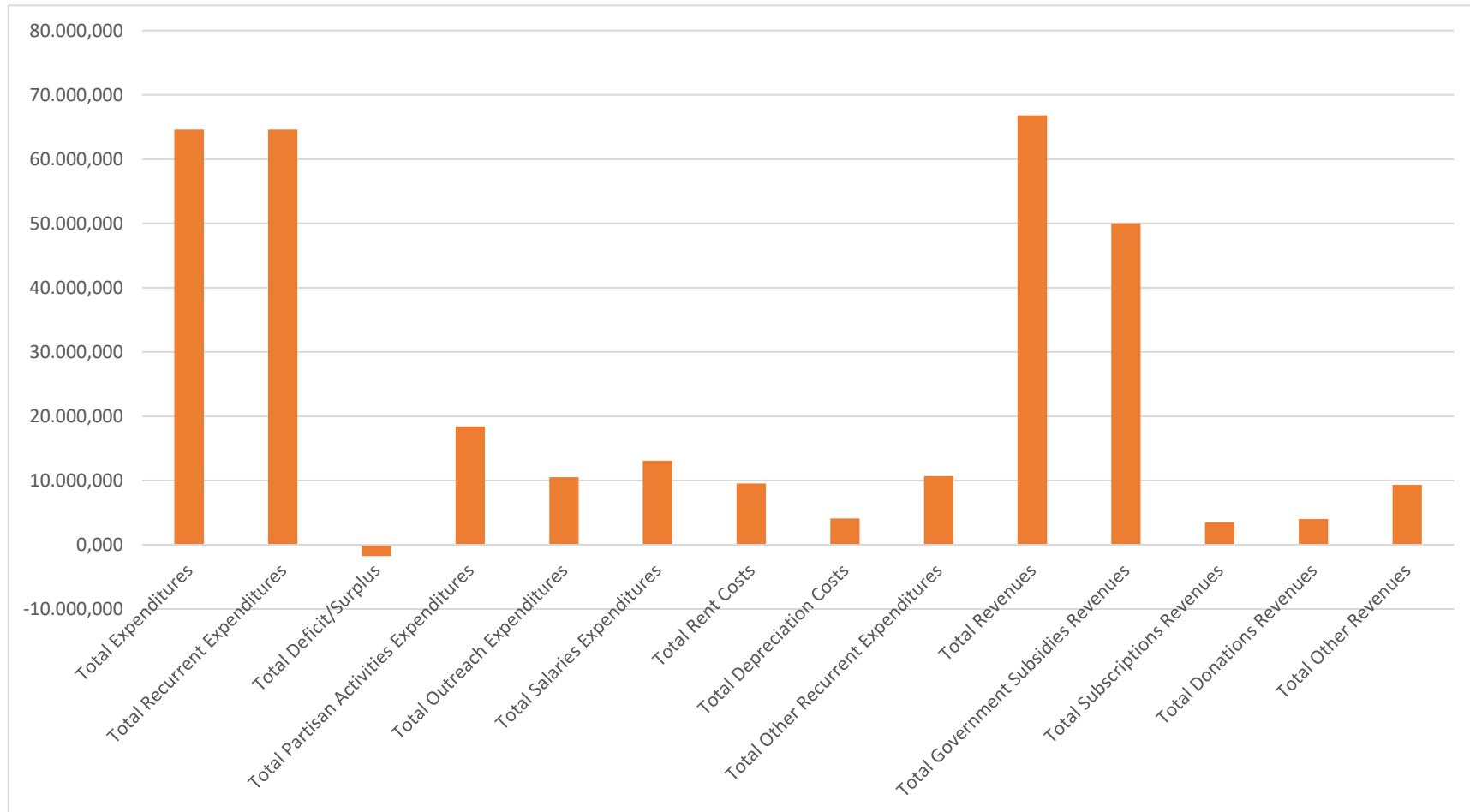


Figure 22: Jordanian Communist Party Finances (Ratios)

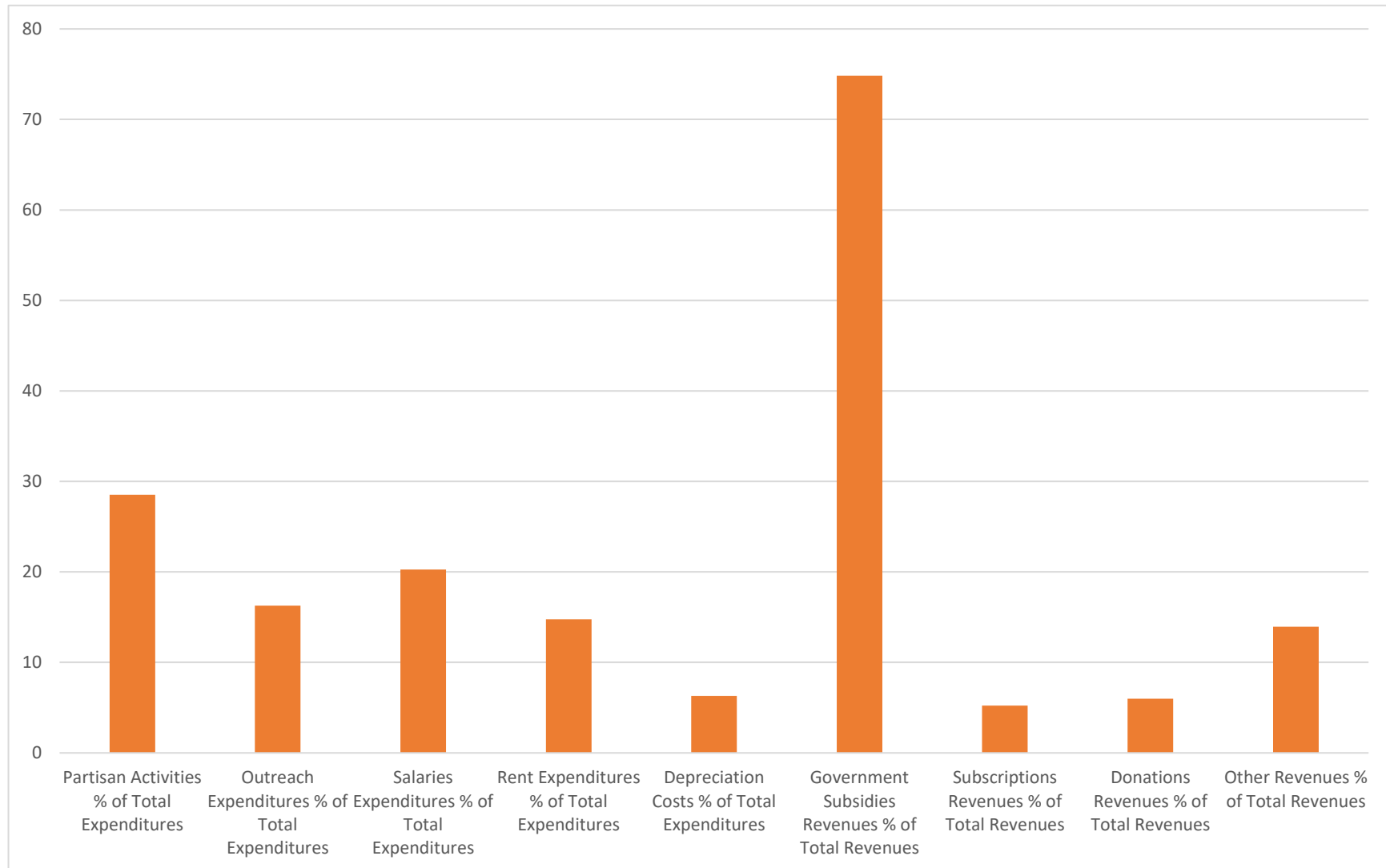


Figure 23: Popular Unity Democratic Party Finances (Thousands)

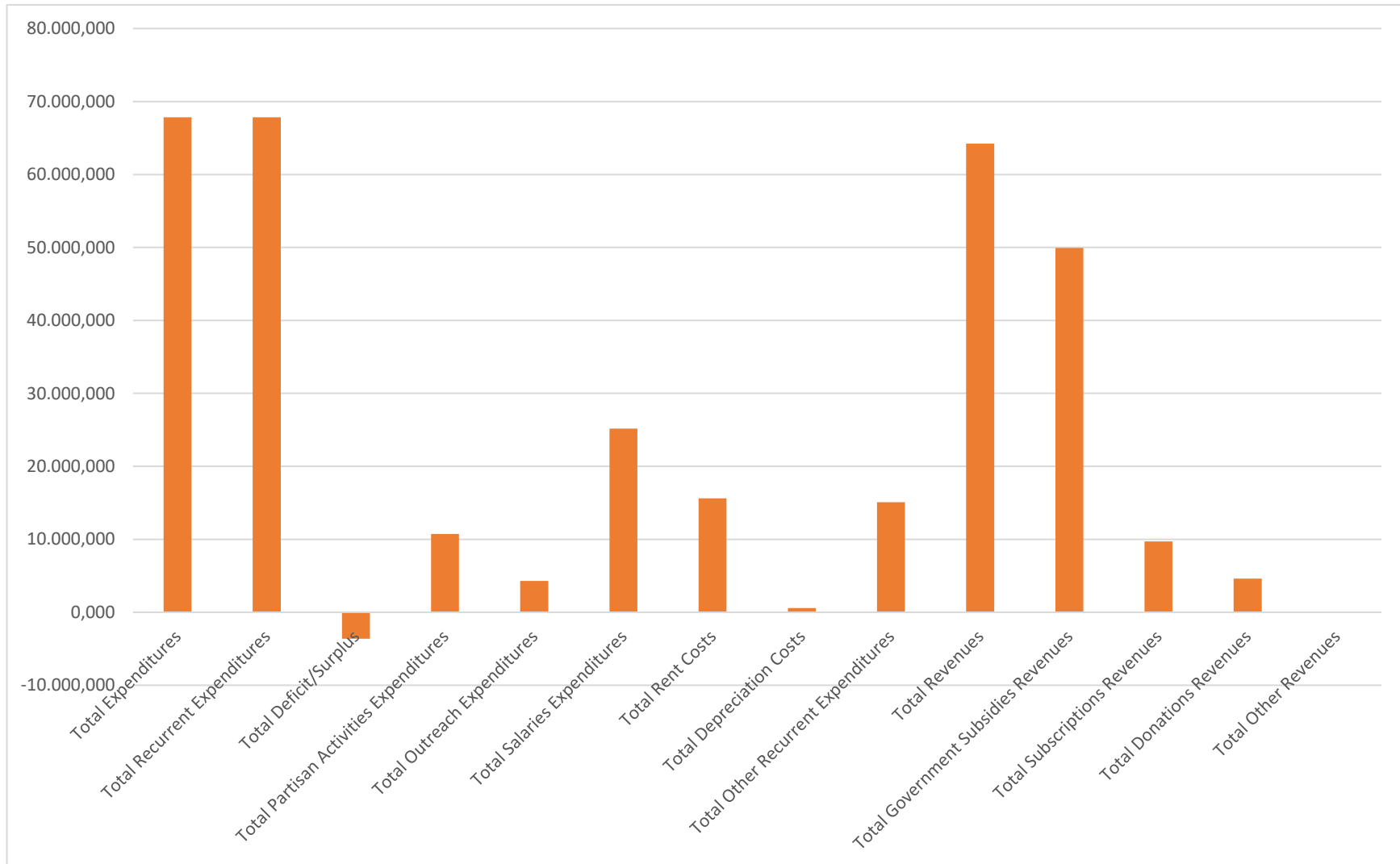


Figure 24: Popular Unity Democratic Party Finances (Ratios)

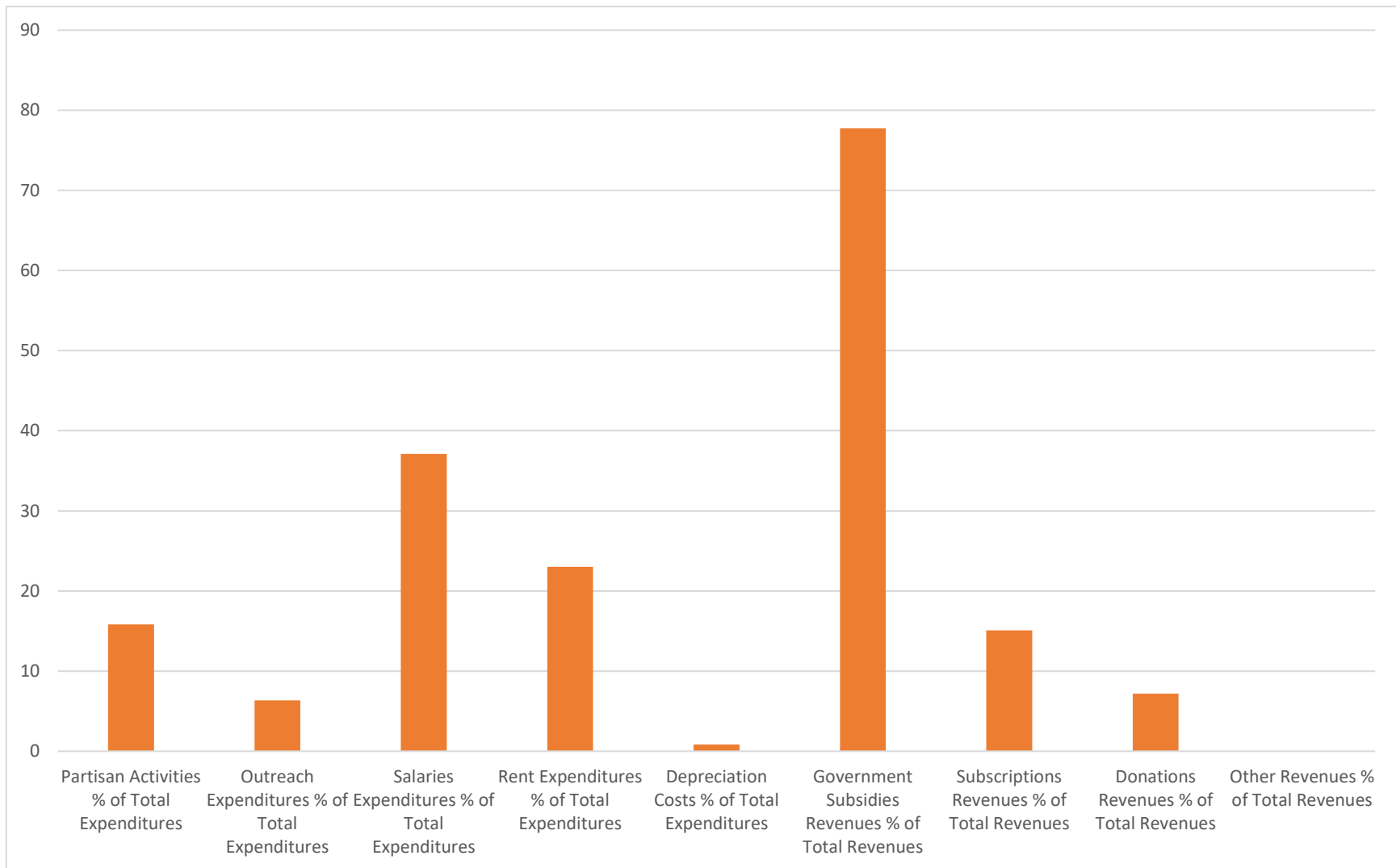


Figure 25: Arab Socialist Baa'th Party Finances (Thousands)

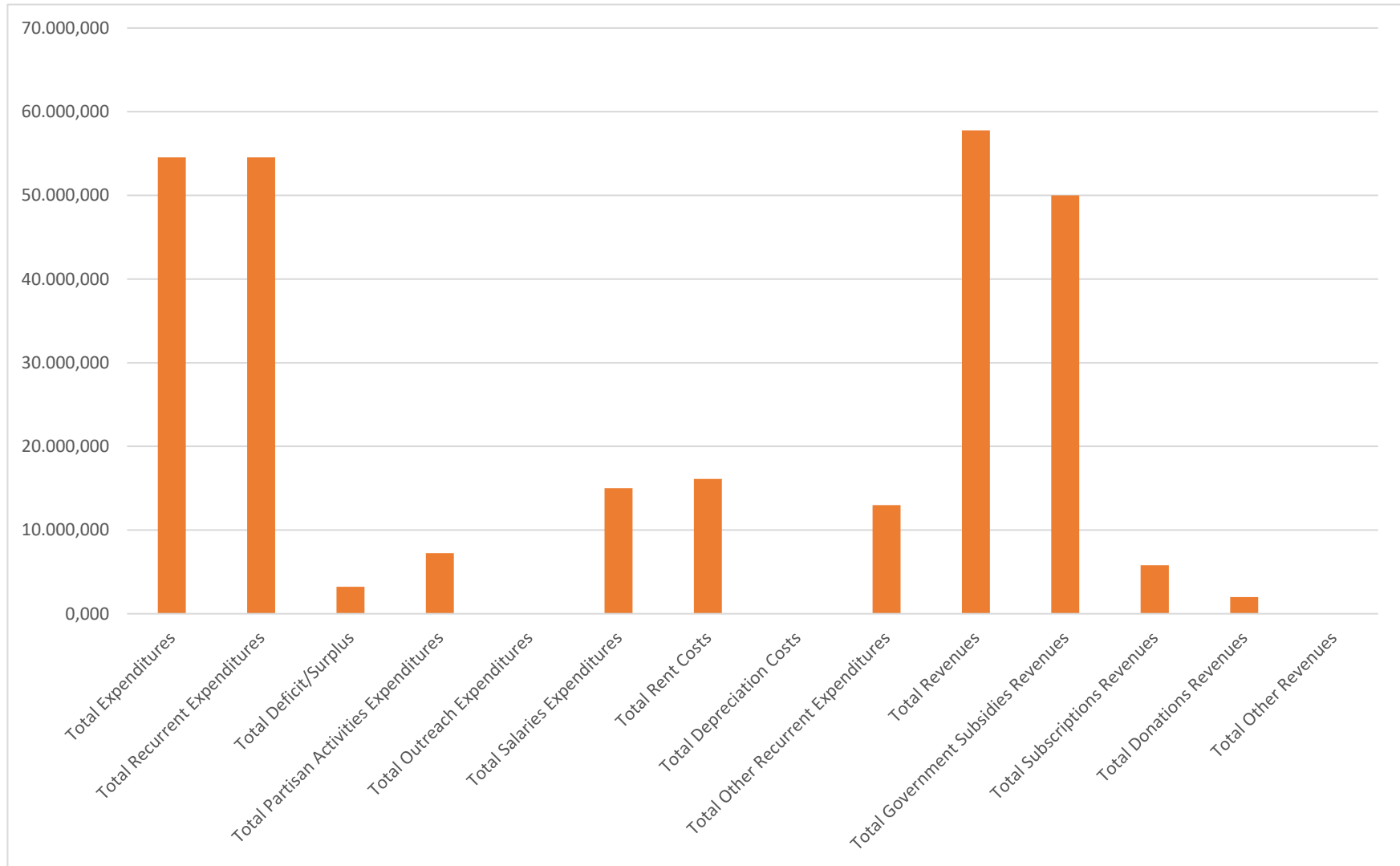


Figure 26: Arab Socialist Baa'th Party Finances (Ratios)

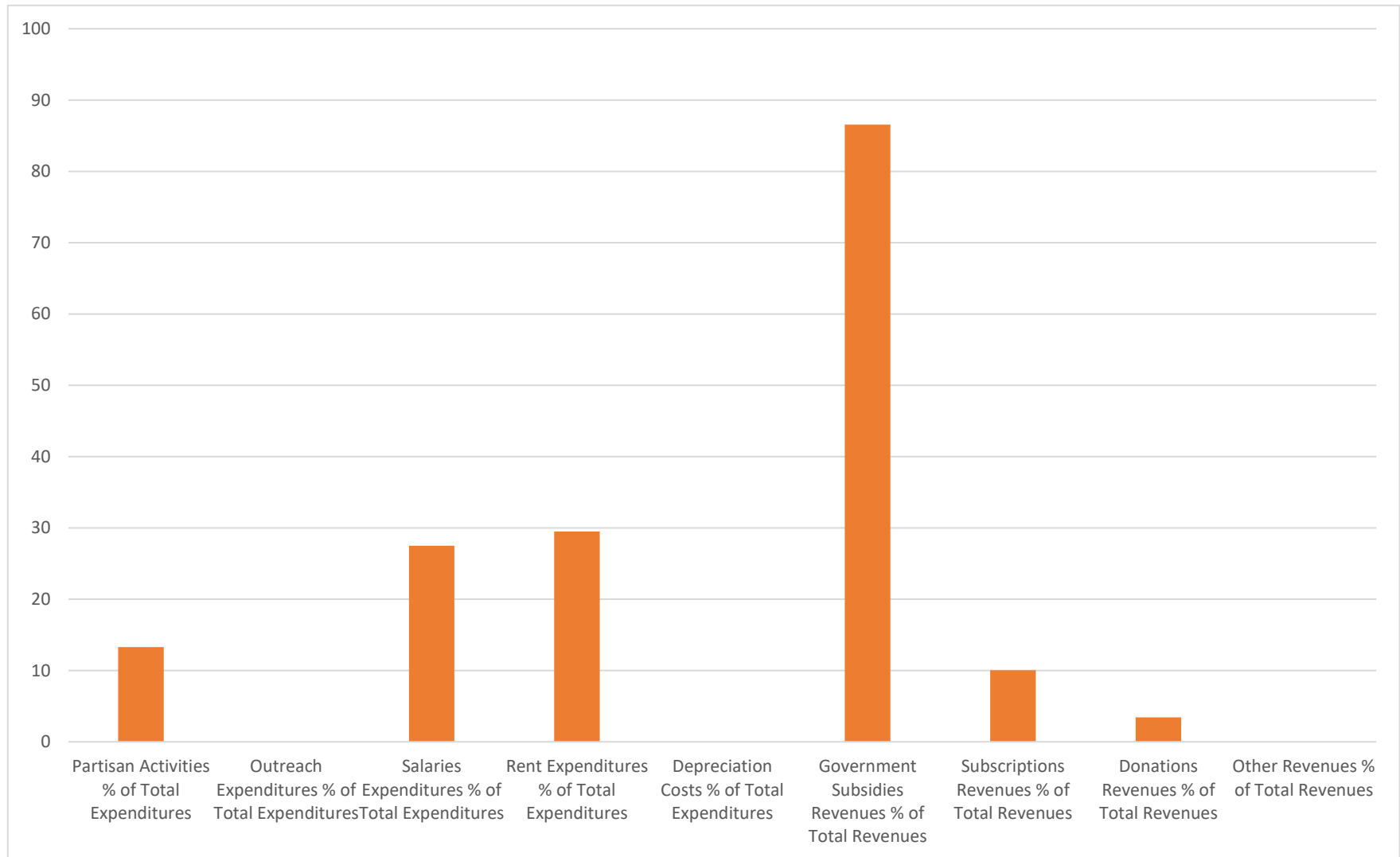


Figure 27: Justice & Reform Party Finances (Thousands)

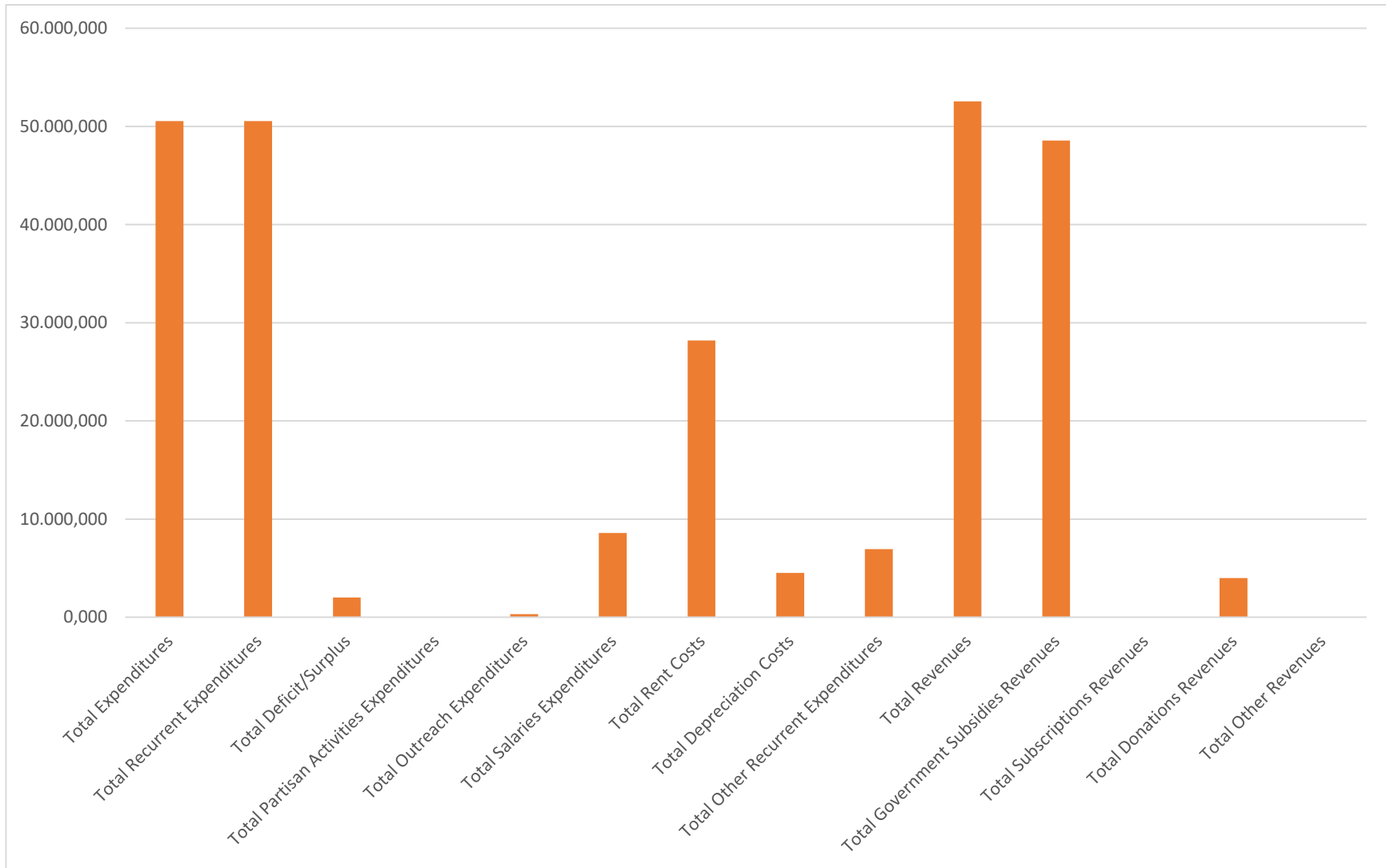


Figure 28: Justice & Reform Party Finances (Ratios)

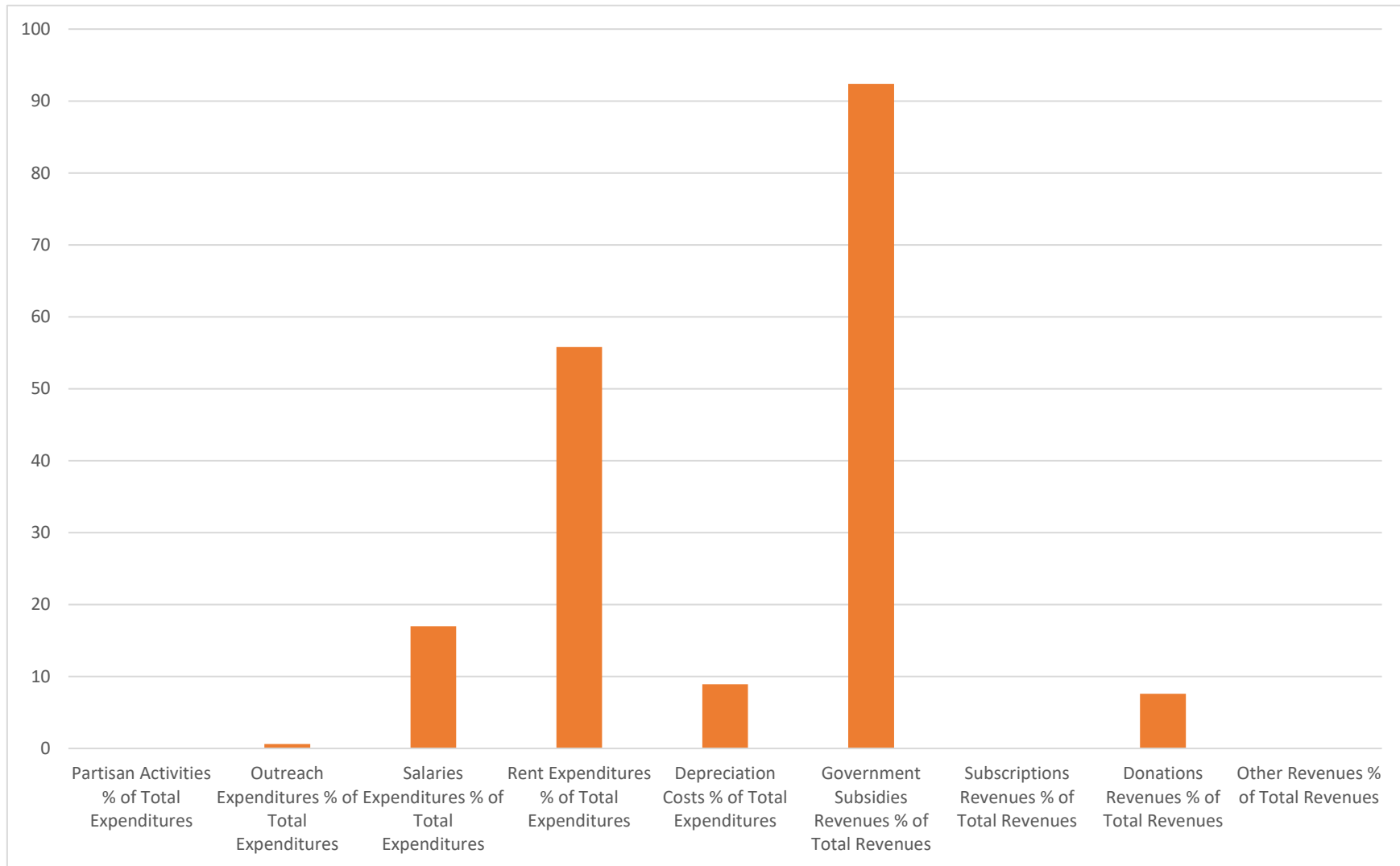


Figure 28: People's Jordanian Democratic Party – Hashd (Thousands)

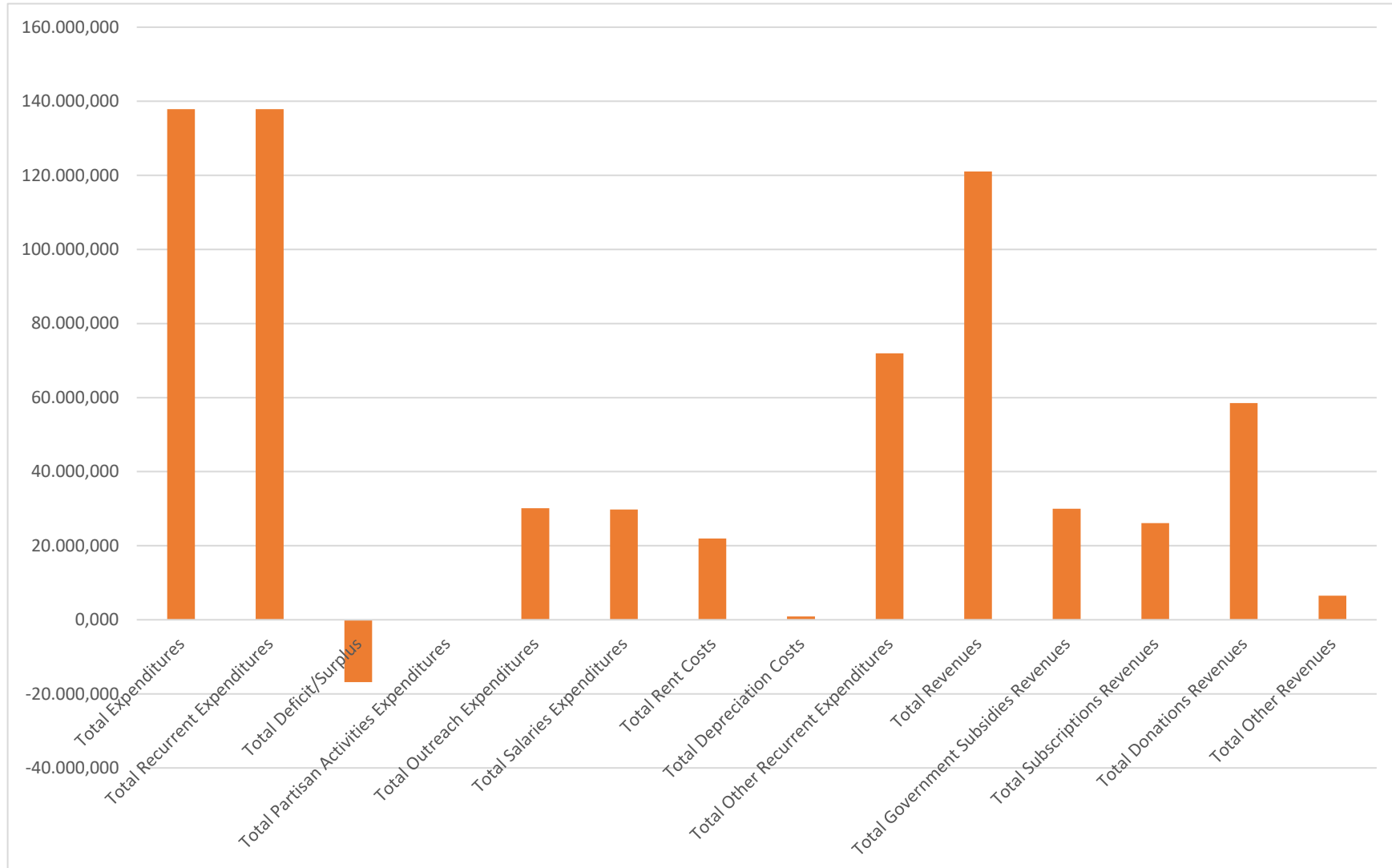


Figure 29: People's Jordanian Democratic Party – Hashd (Ratios)

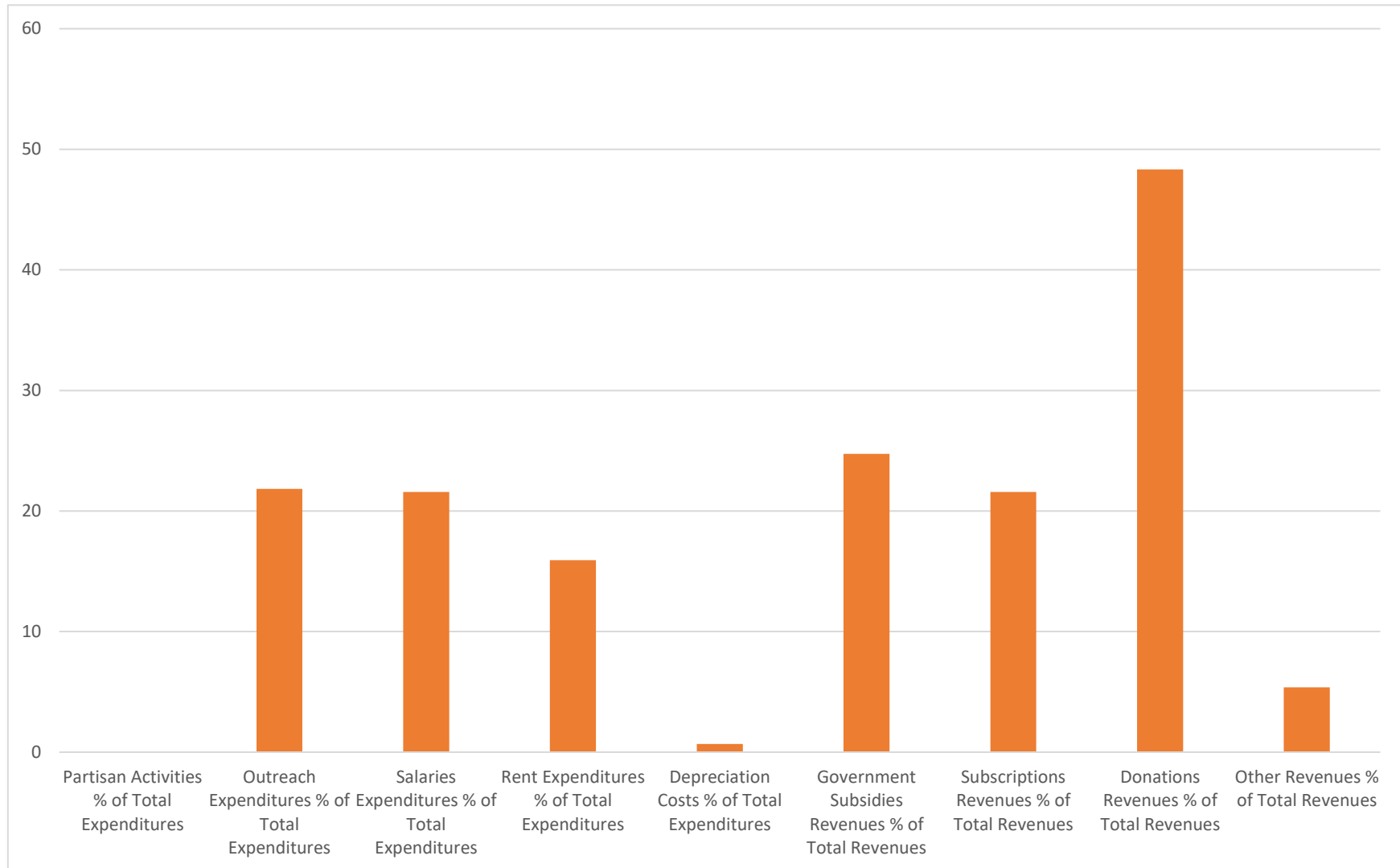


Figure 30: National Congress Party – Zamzam (Thousands)

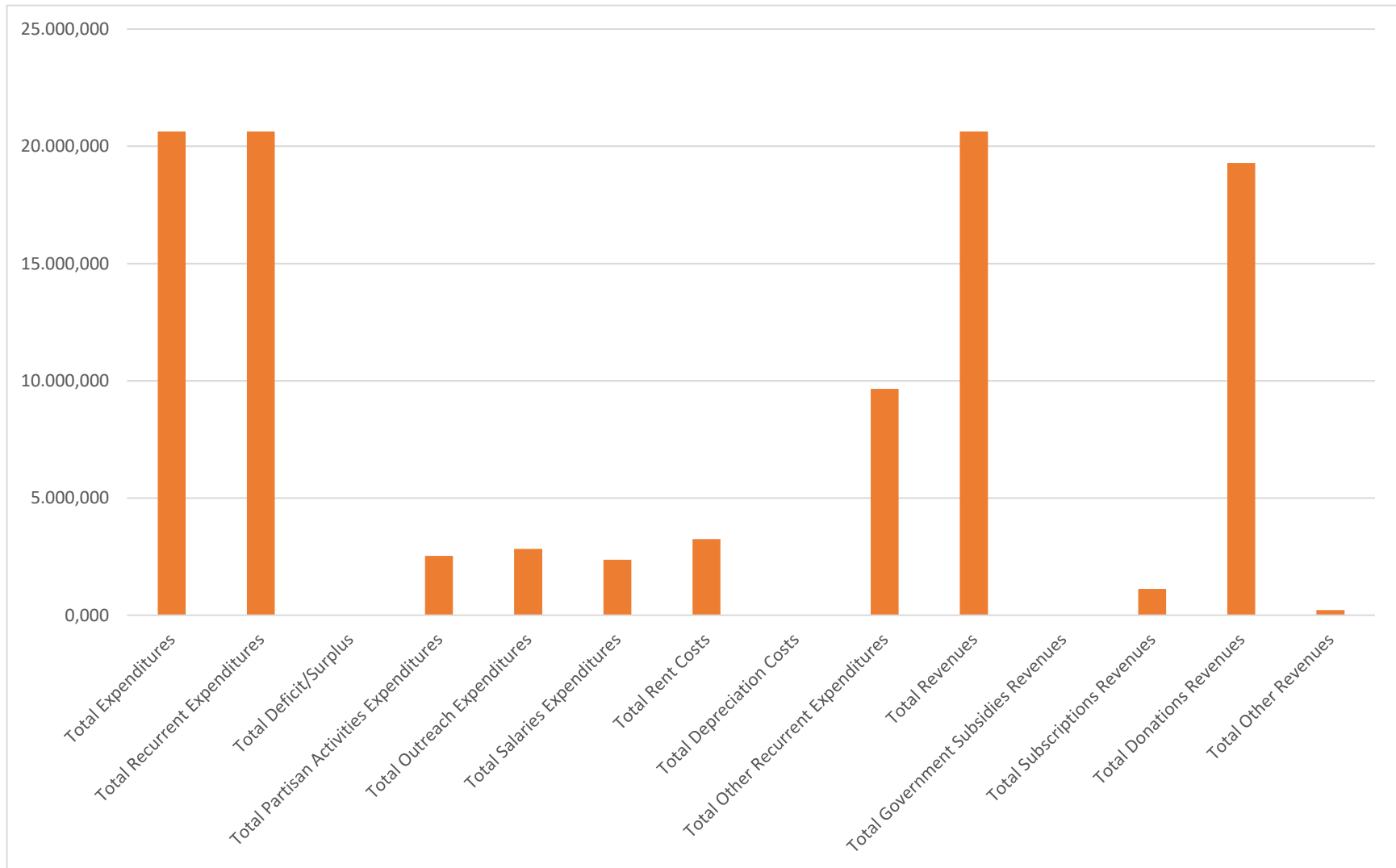


Figure 31: National Congress Party – Zamzam (Ratios)

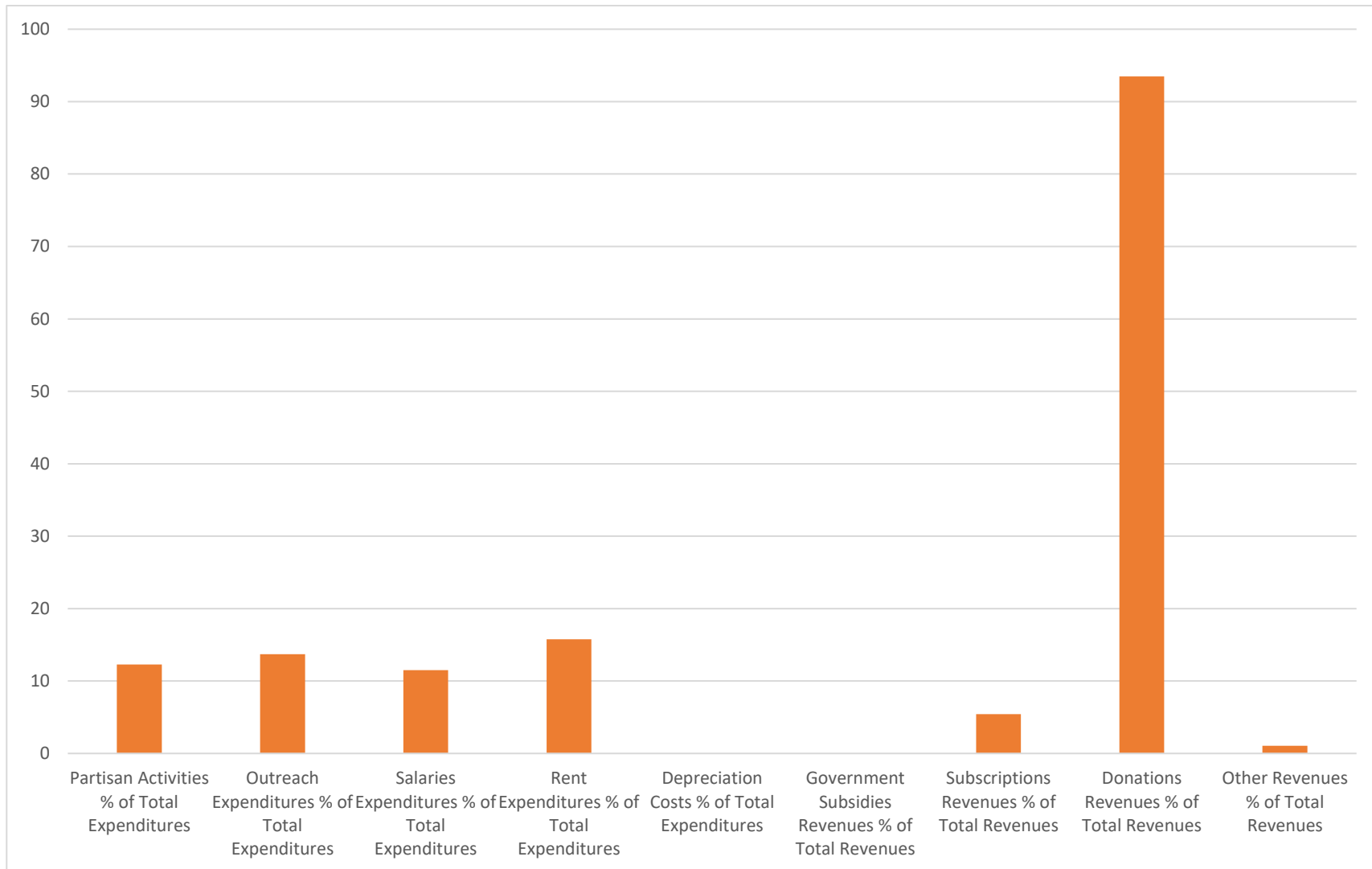


Figure 32: National Current Party (Thousands)

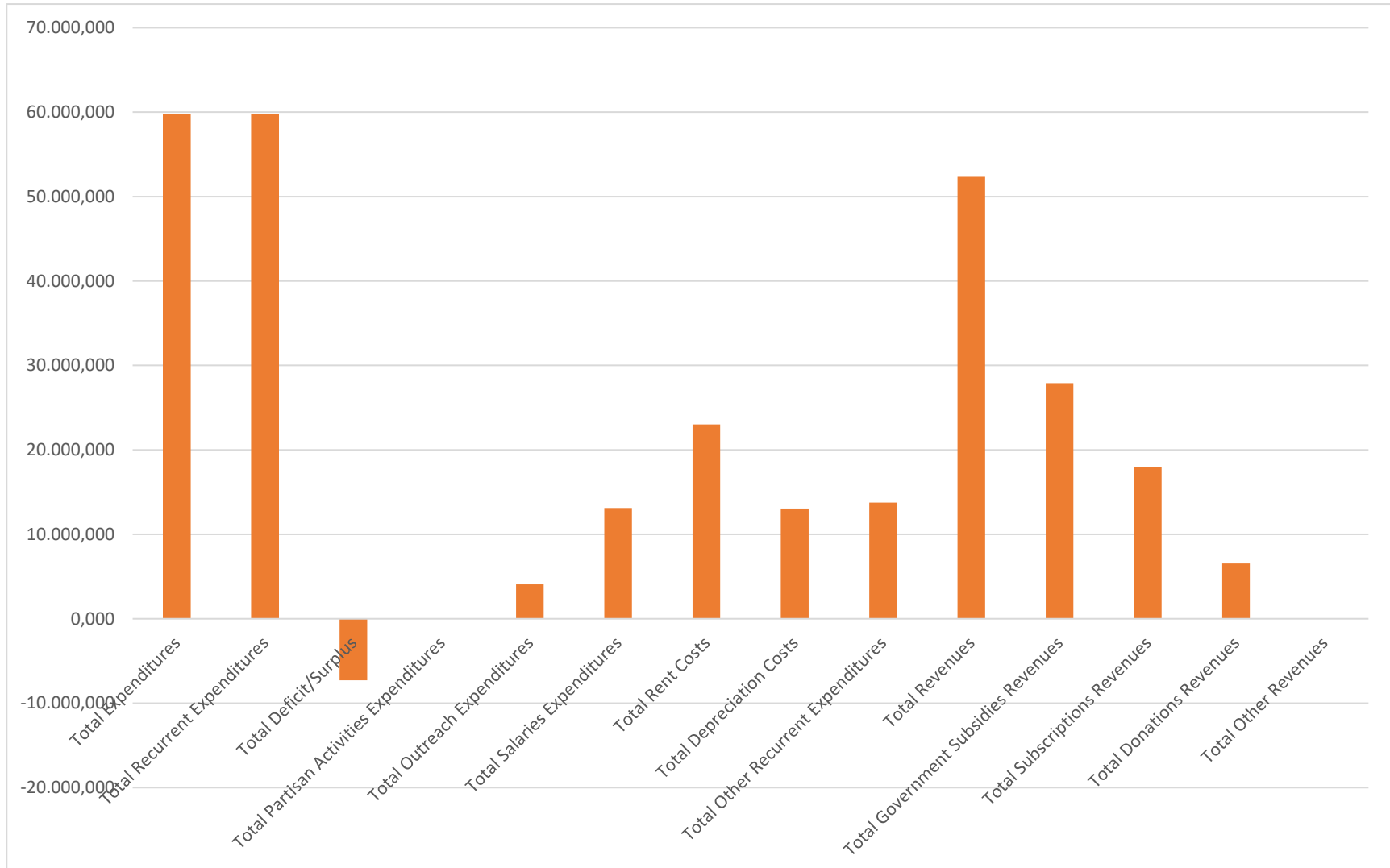


Figure 32: National Current Party (Ratios)

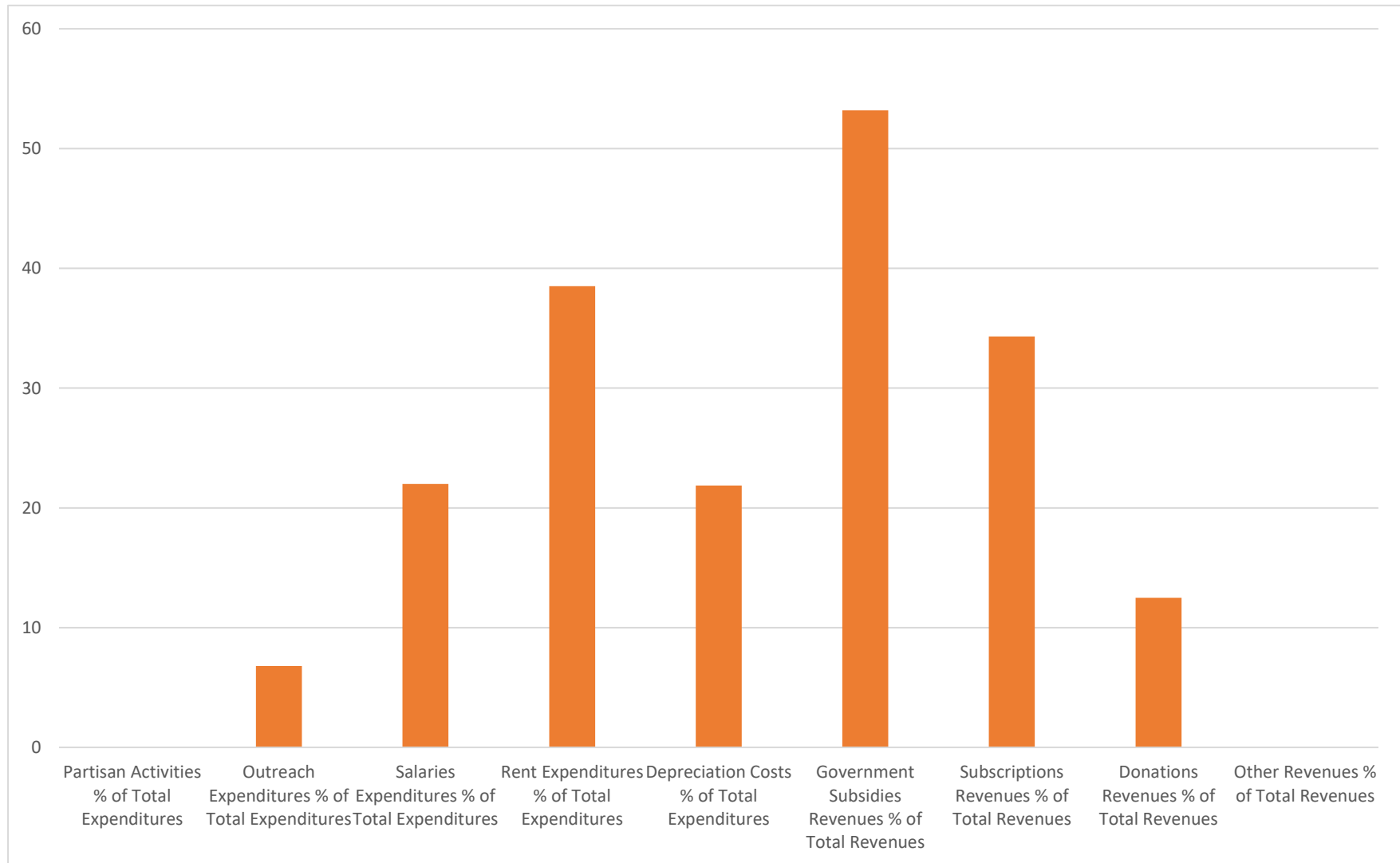


Figure 33: Islamic Action Front Party – Muslim Brotherhood (Thousands)

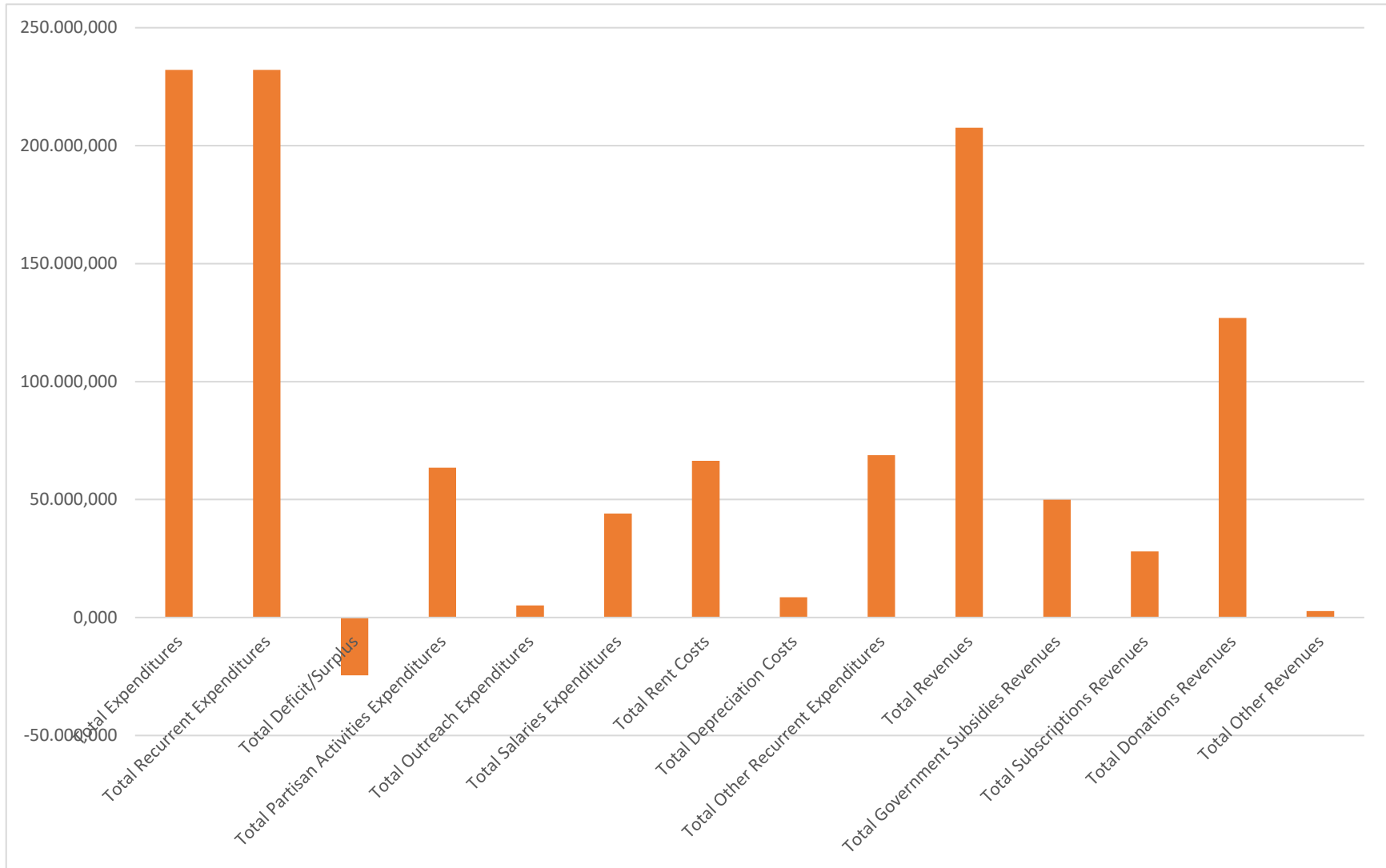


Figure 34: Islamic Action Front Party – Muslim Brotherhood (Ratios)

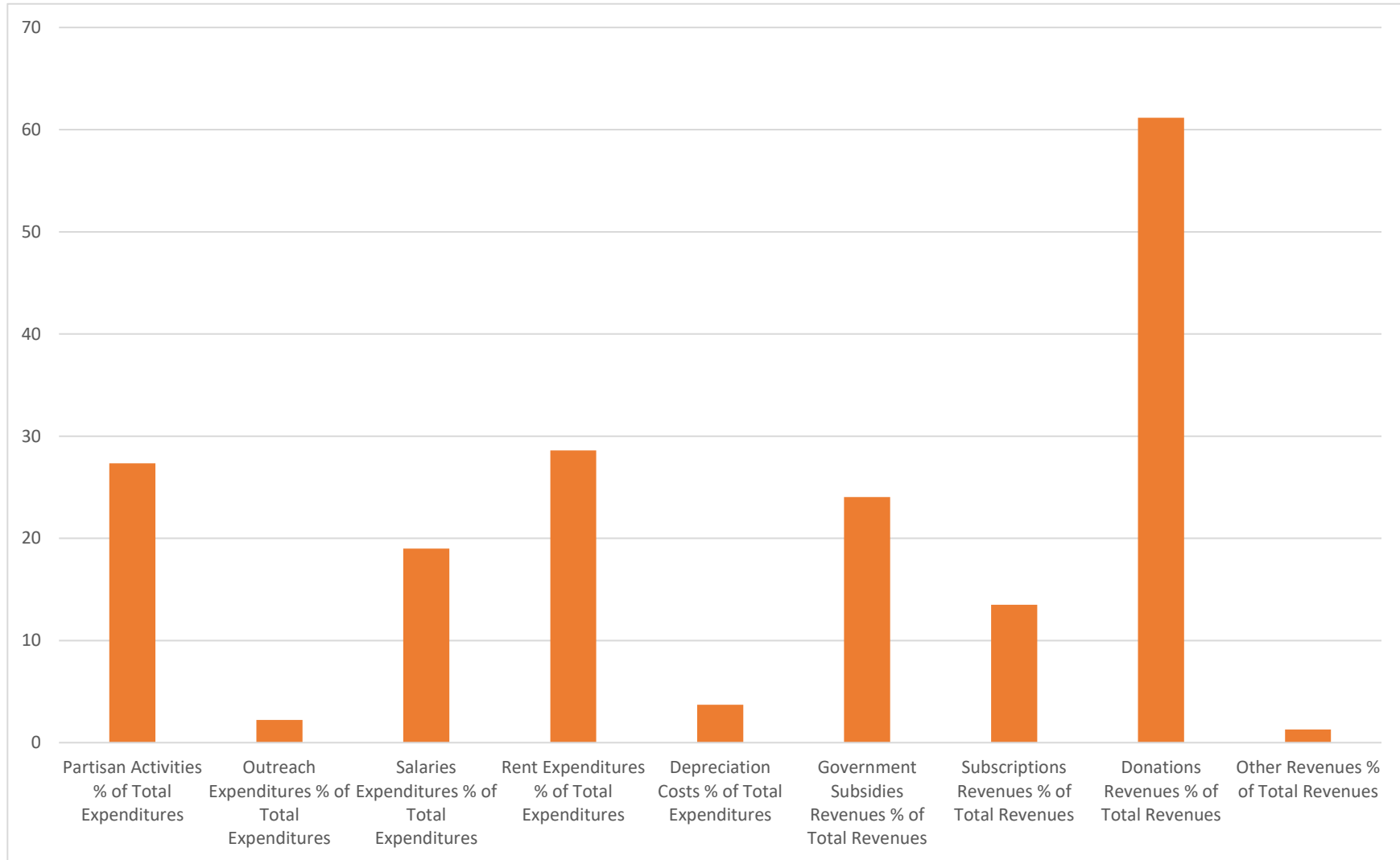


Figure 35: Al-Balad Al-Ameen Party (Thousands)

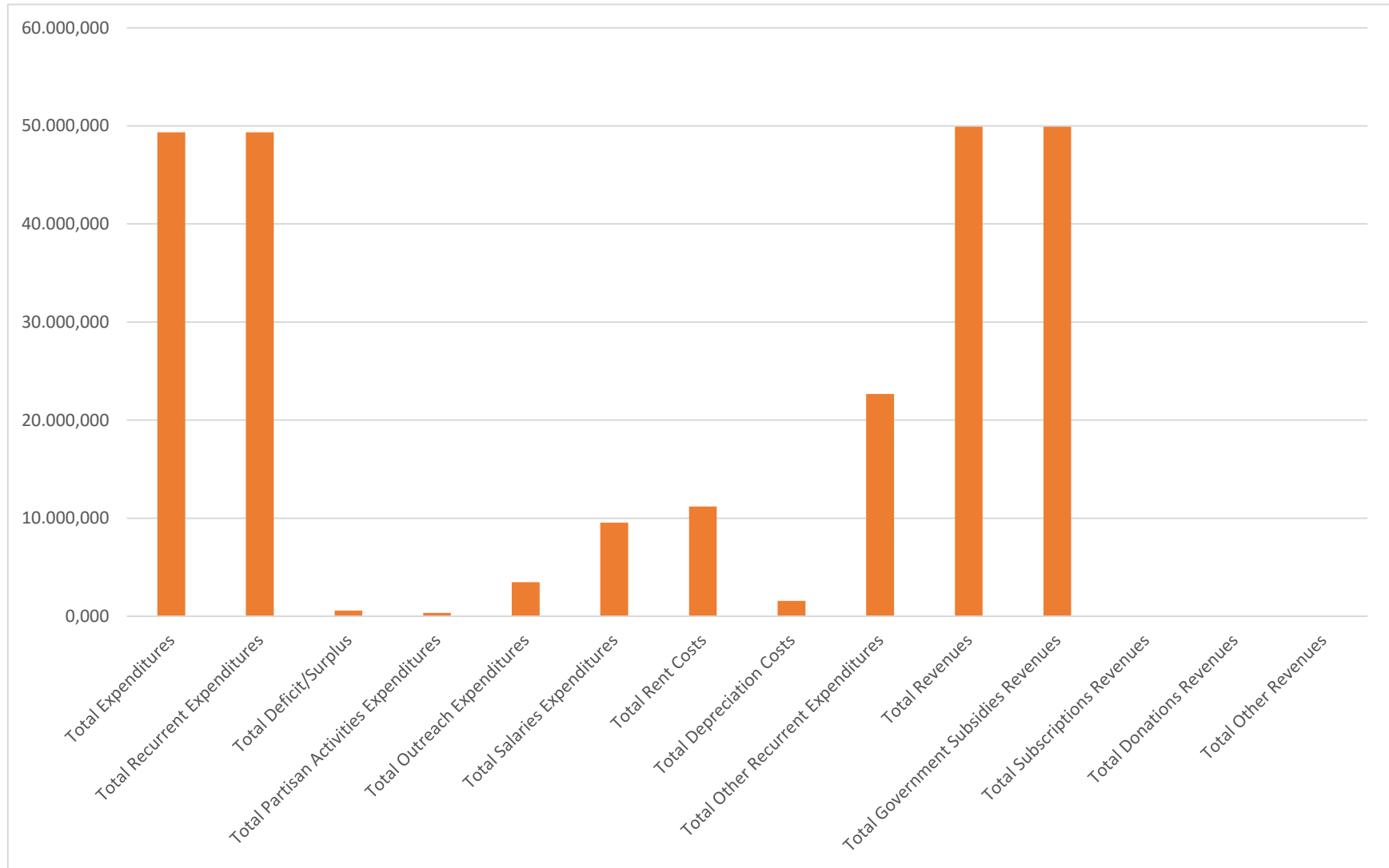


Figure 36: Al-Balad Al-Ameen Party (Ratios)

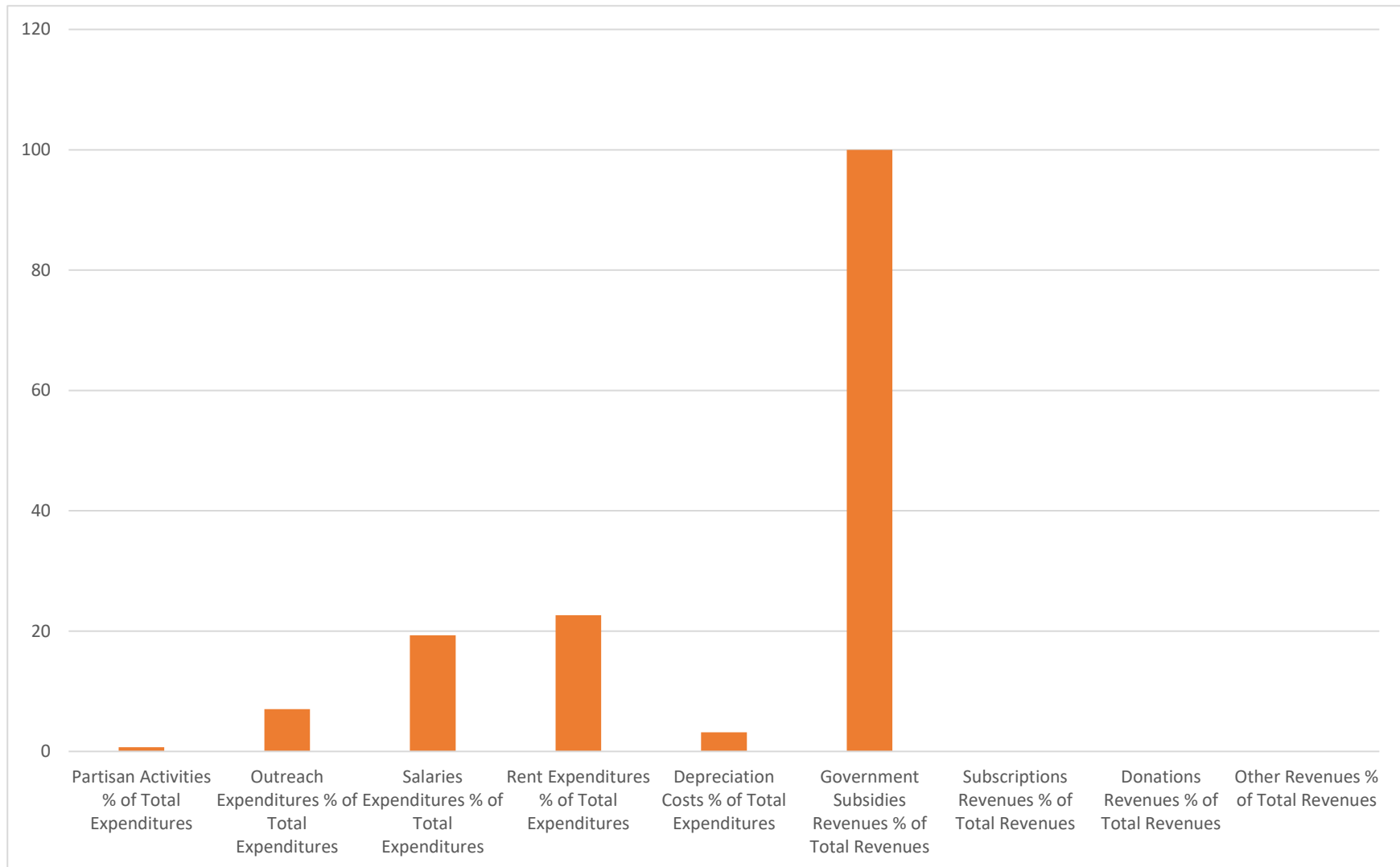


Figure 35: United Jordanian Front Party (Thousands)

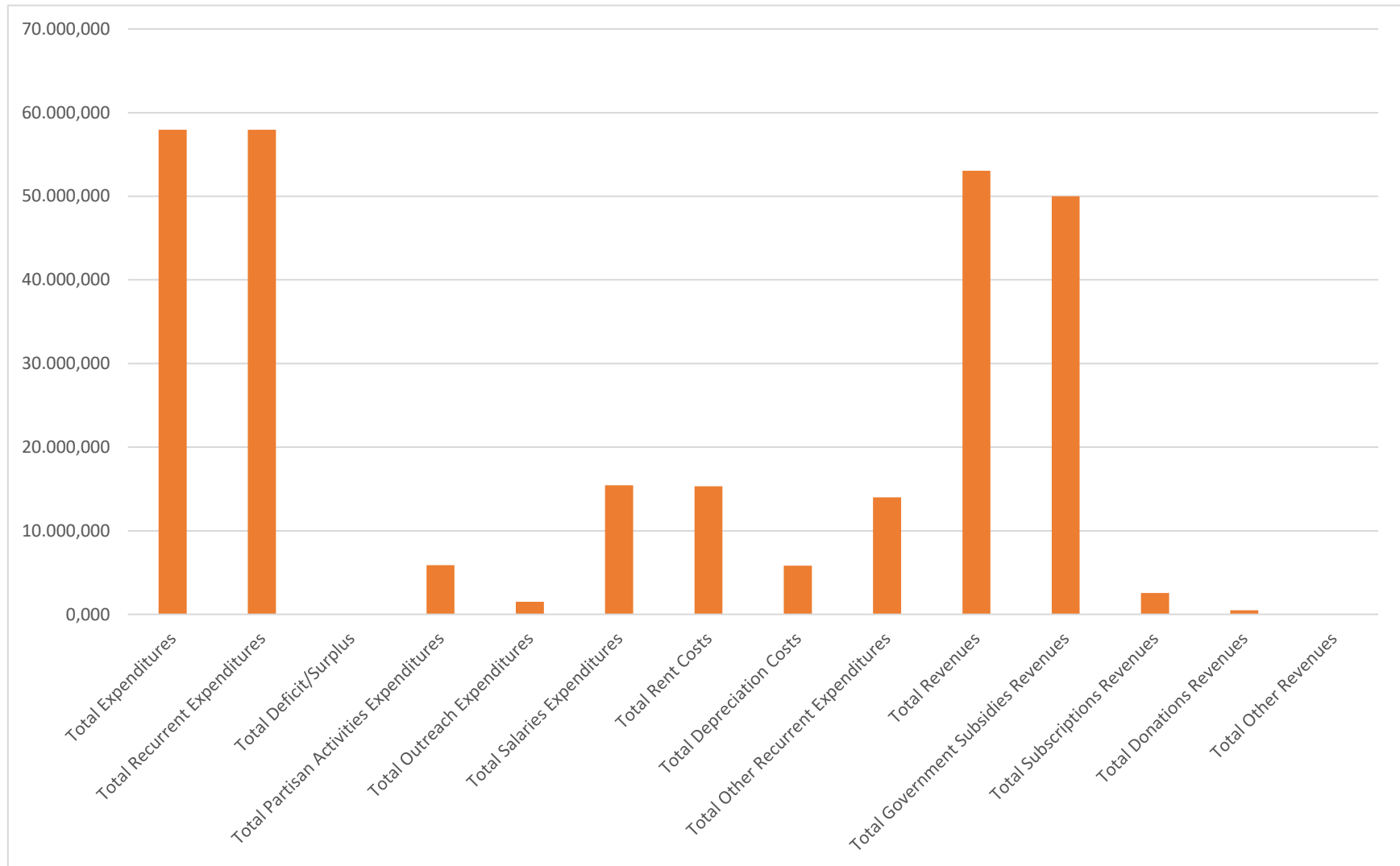


Figure 35: United Jordanian Front Party (Ratios)

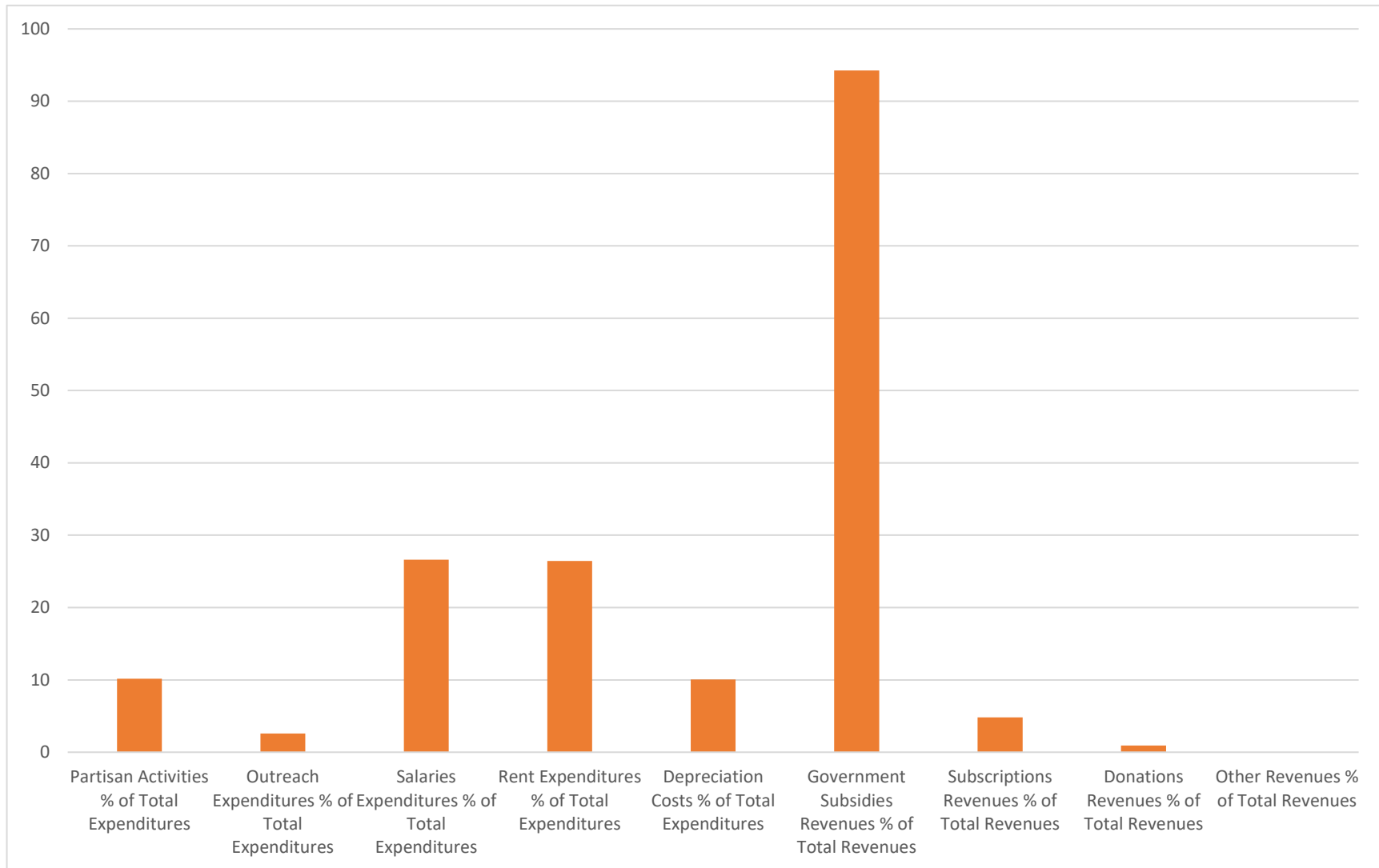


Figure 36: Jordanian Social Democratic Party (Thousands)

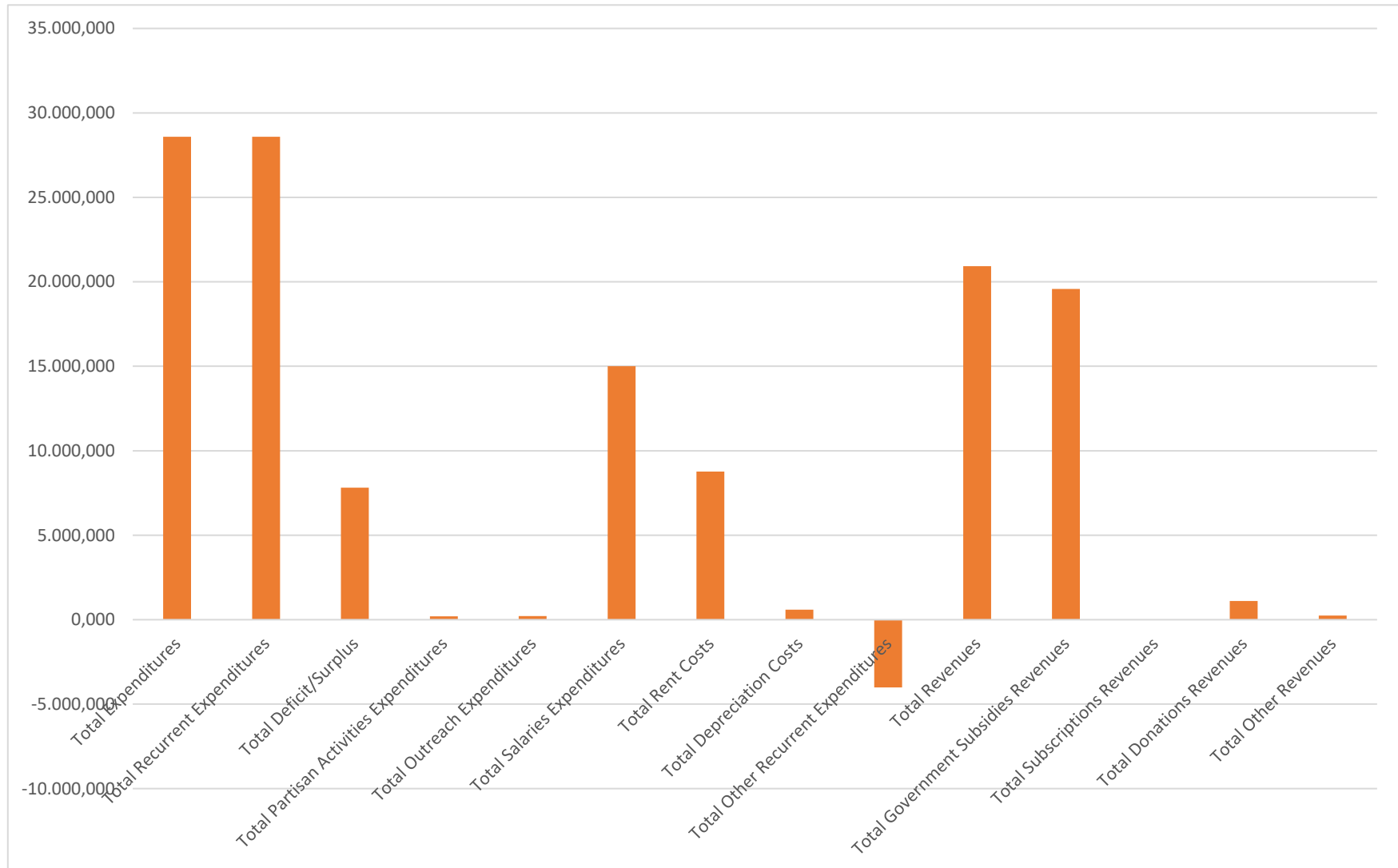


Figure 37: Jordanian Social Democratic Party (Ratios)

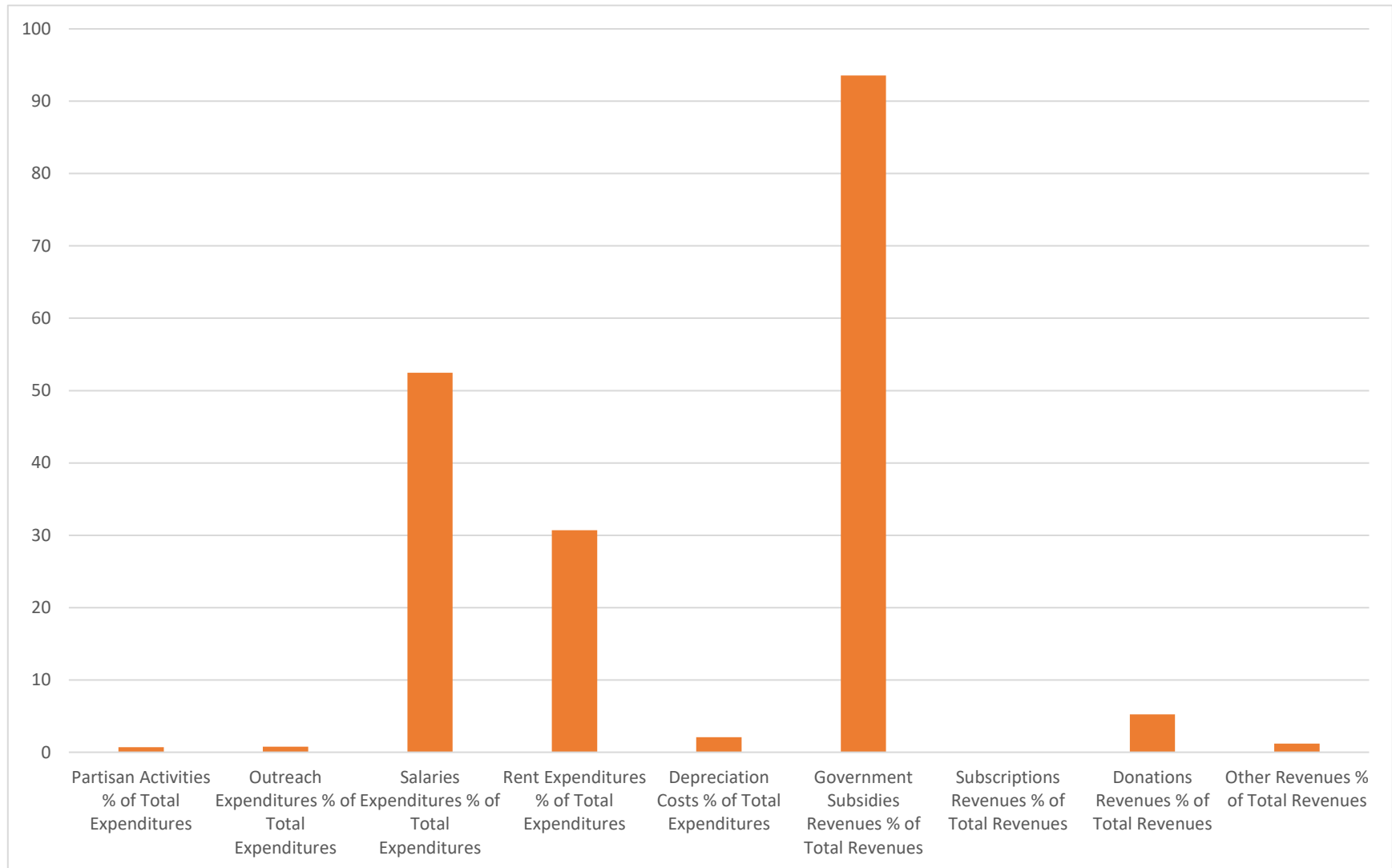


Figure 38: Nationalist Movement Party (Thousands)

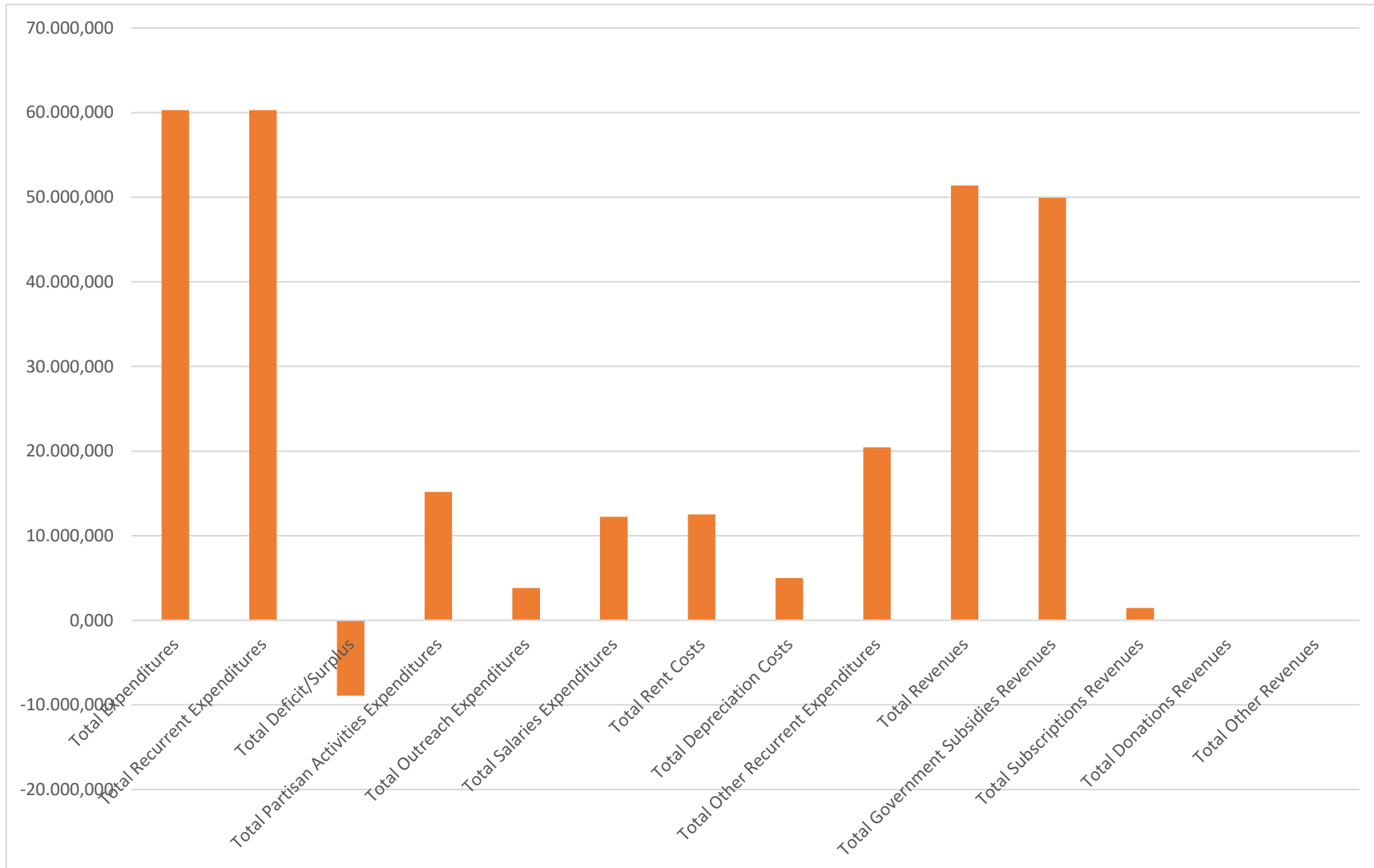


Figure 39: Nationalist Movement Party (Ratios)

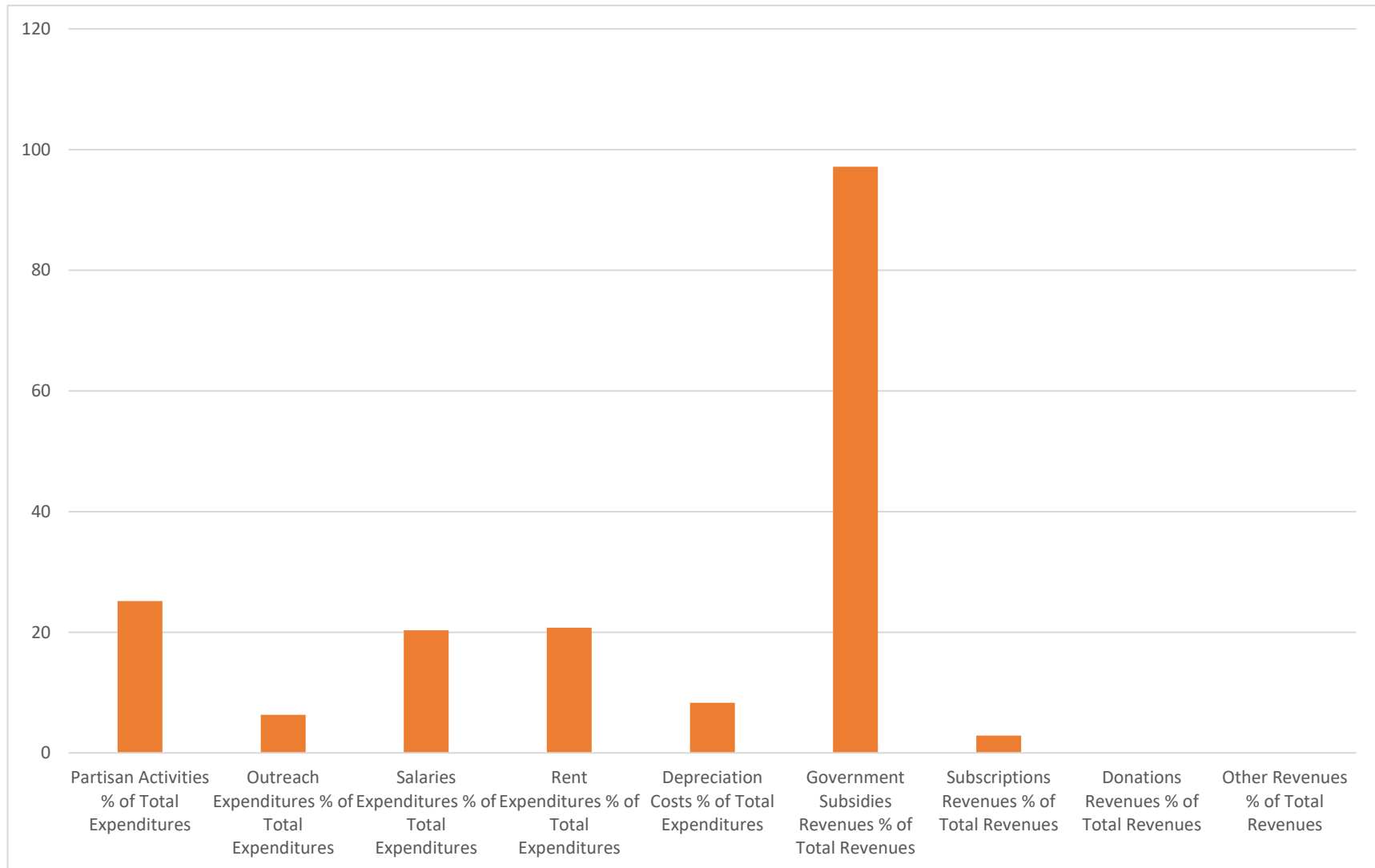


Figure 40: National Constitutional Party (Thousands)

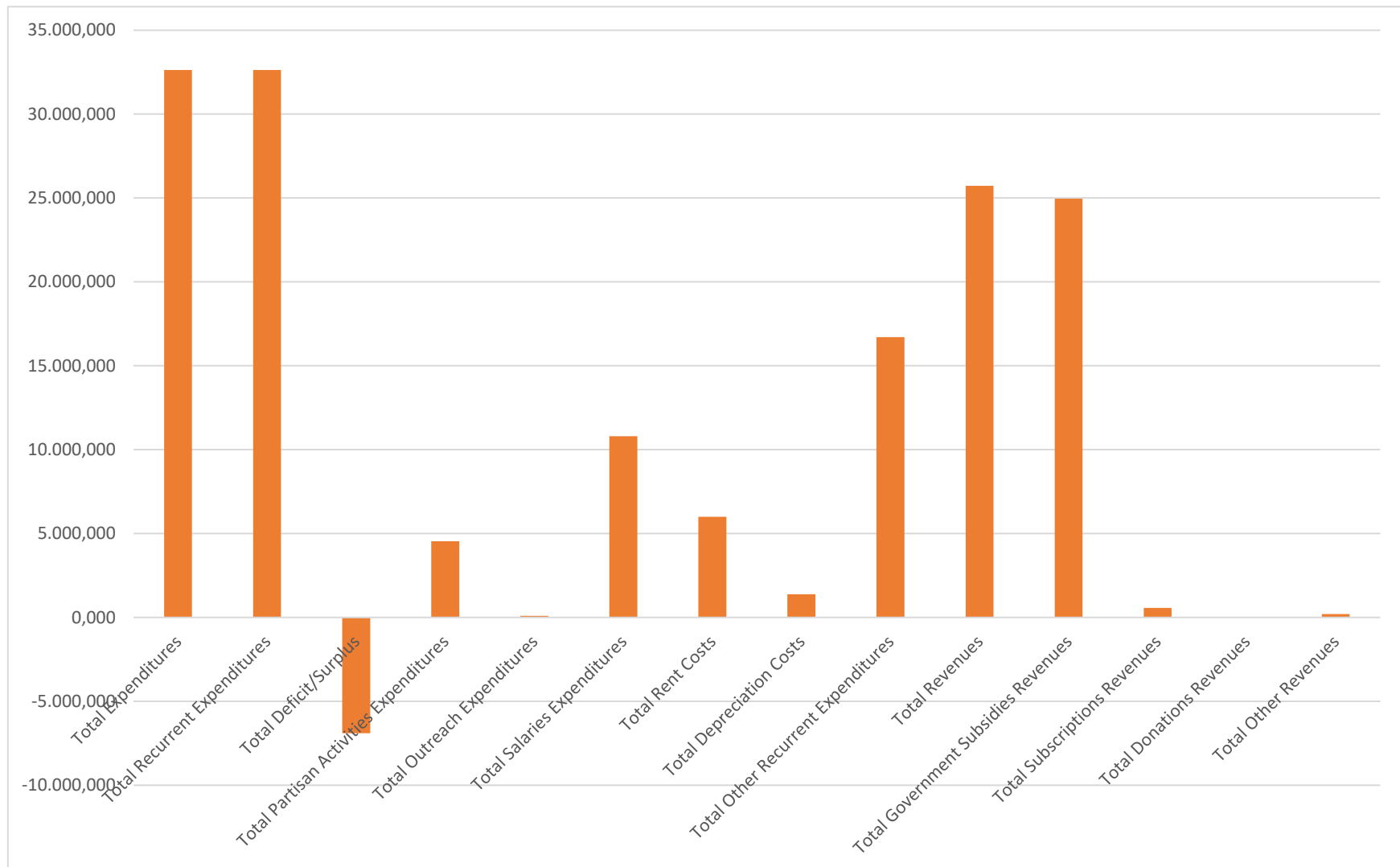


Figure 41: National Constitutional Party (Ratios)

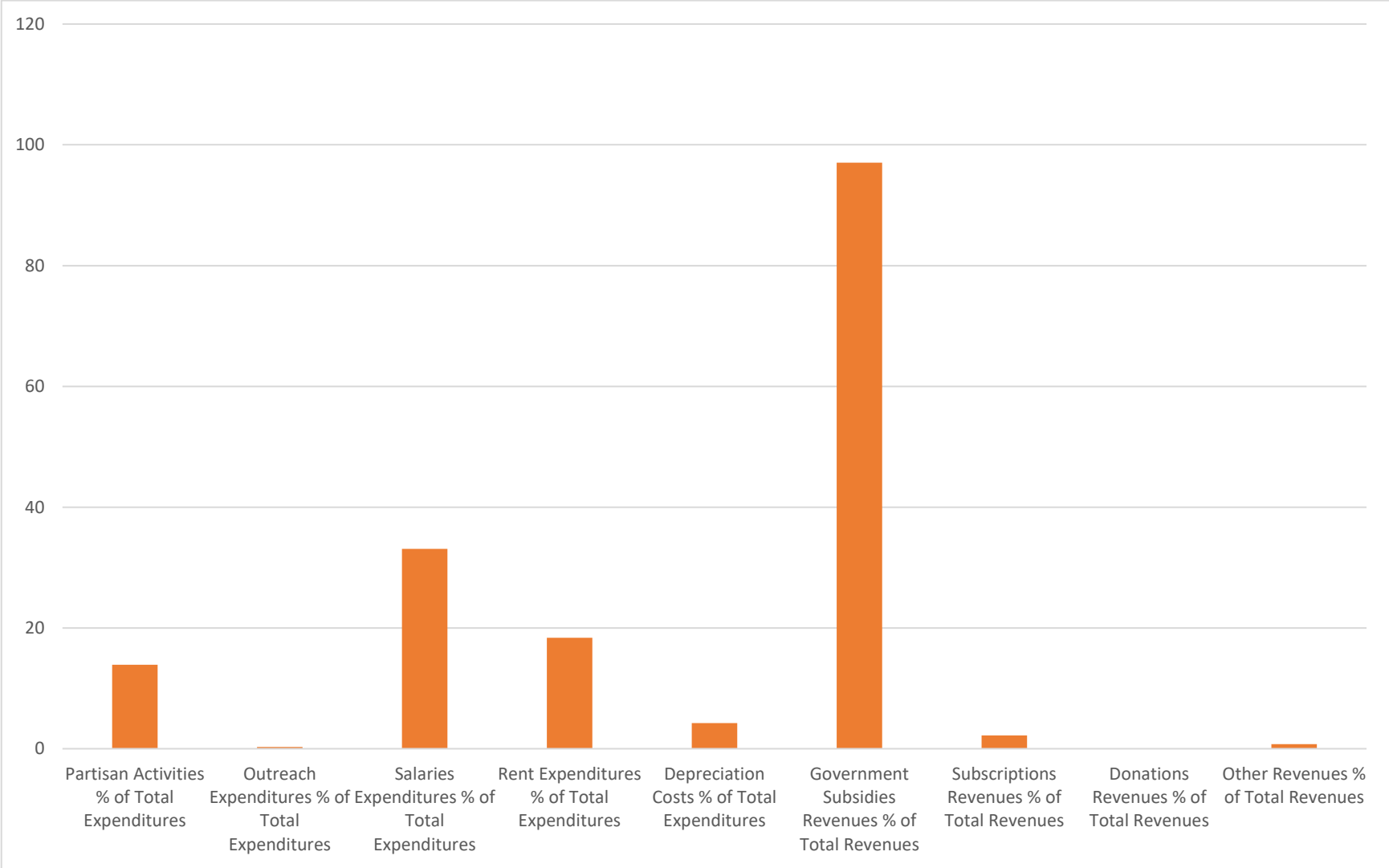


Figure 42: Islamic Centrist Party (Thousands)

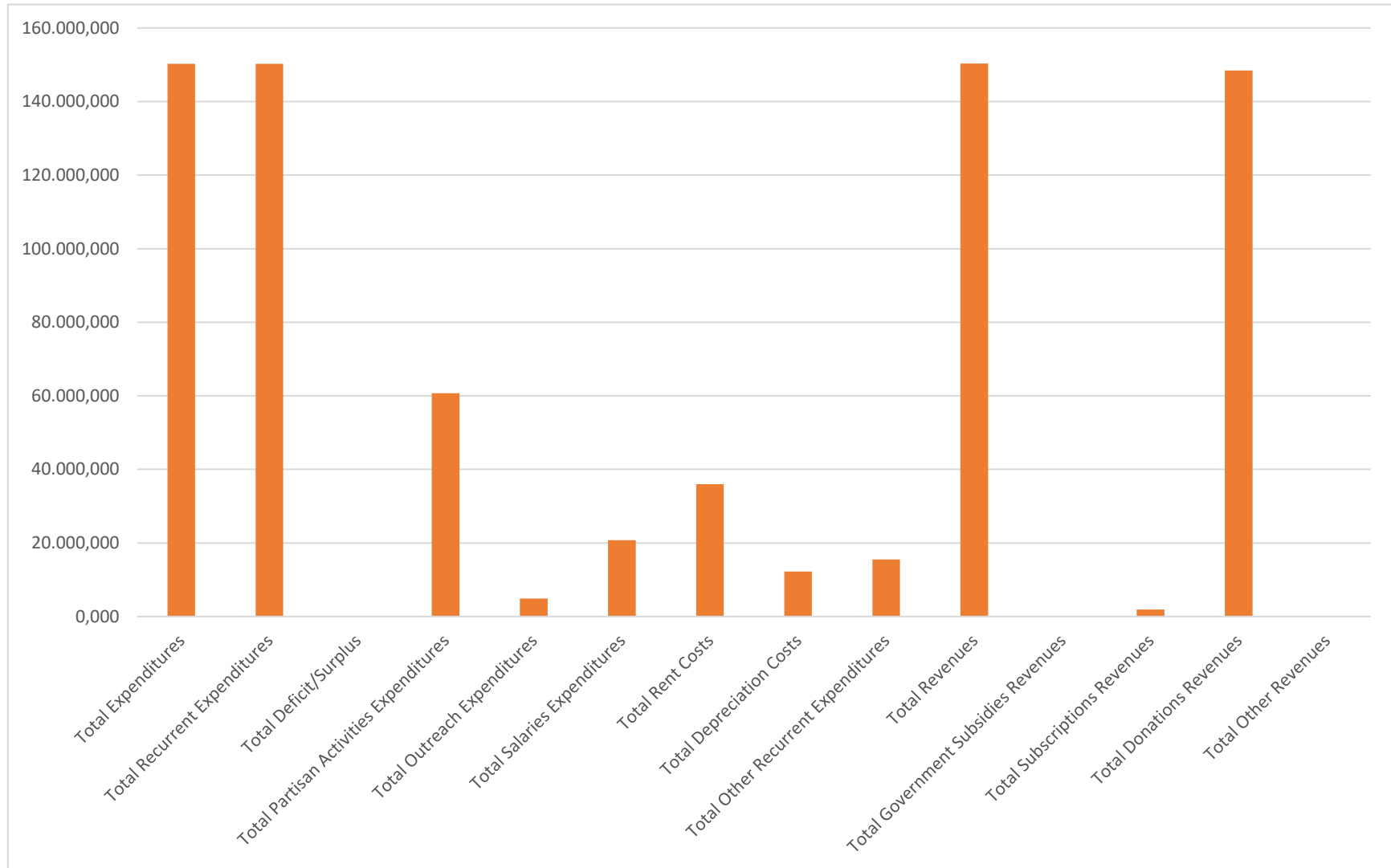


Figure 43: Islamic Centrist Party (Ratios)

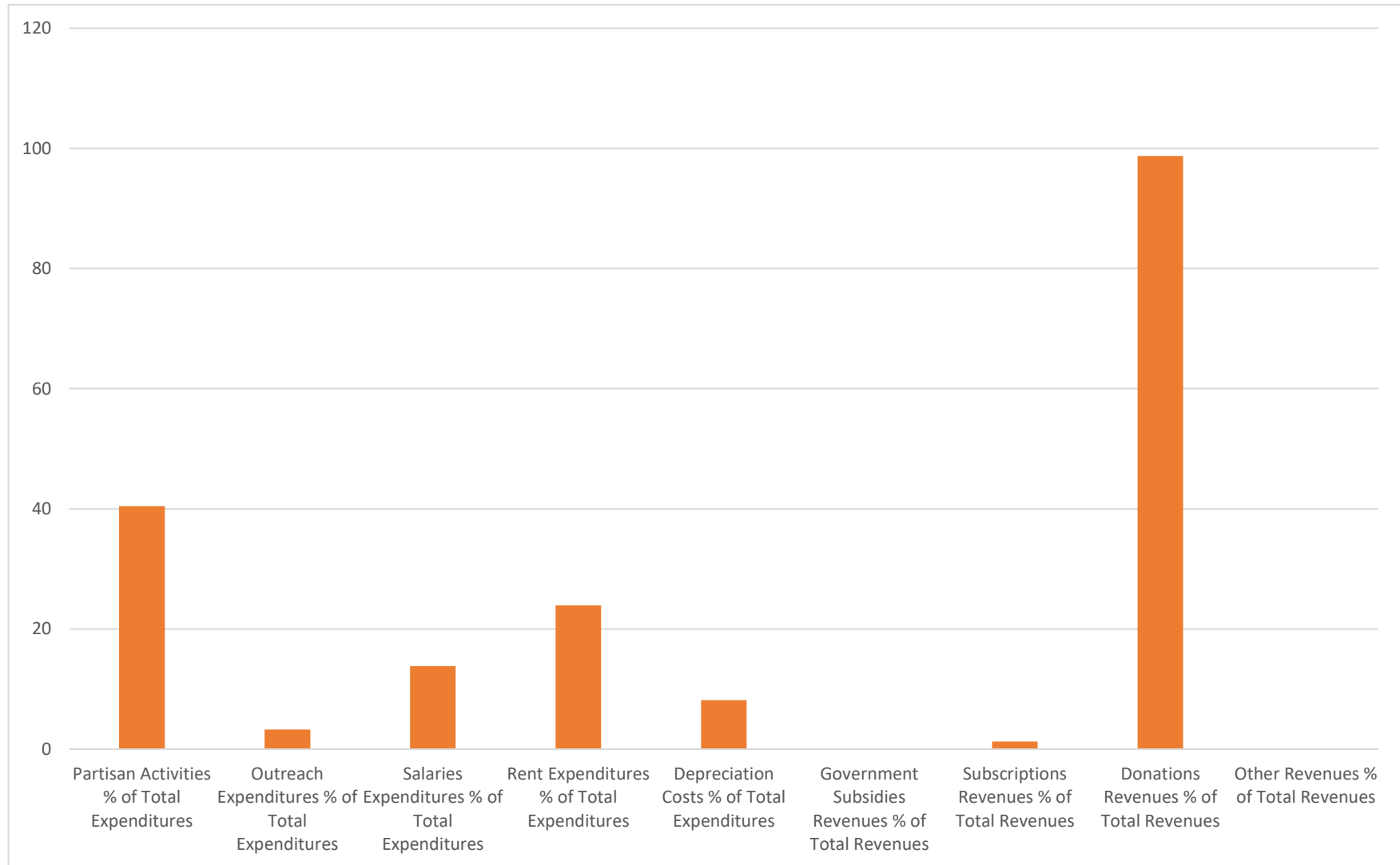


Figure 44: Al-Resalah Party (Thousands)

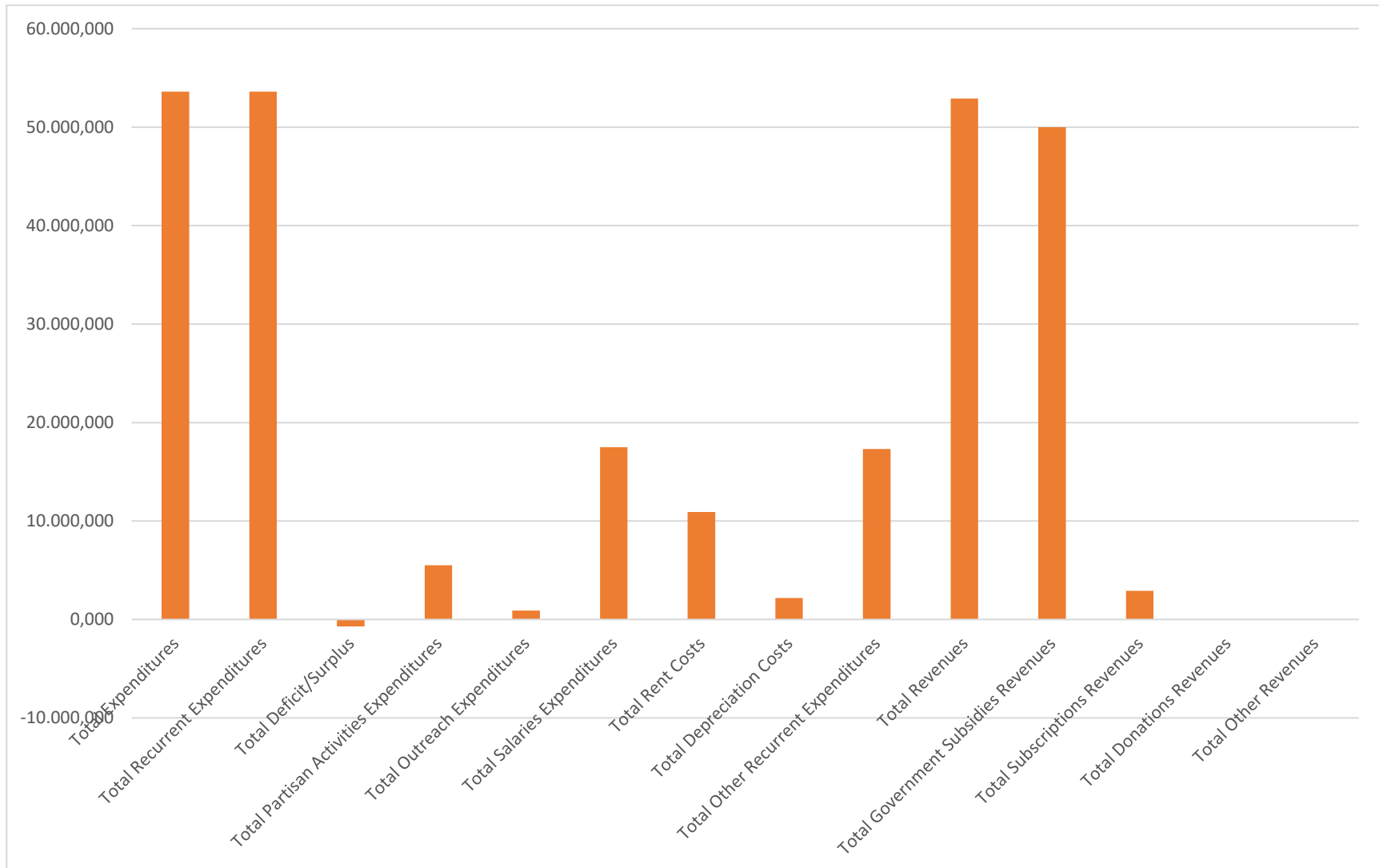
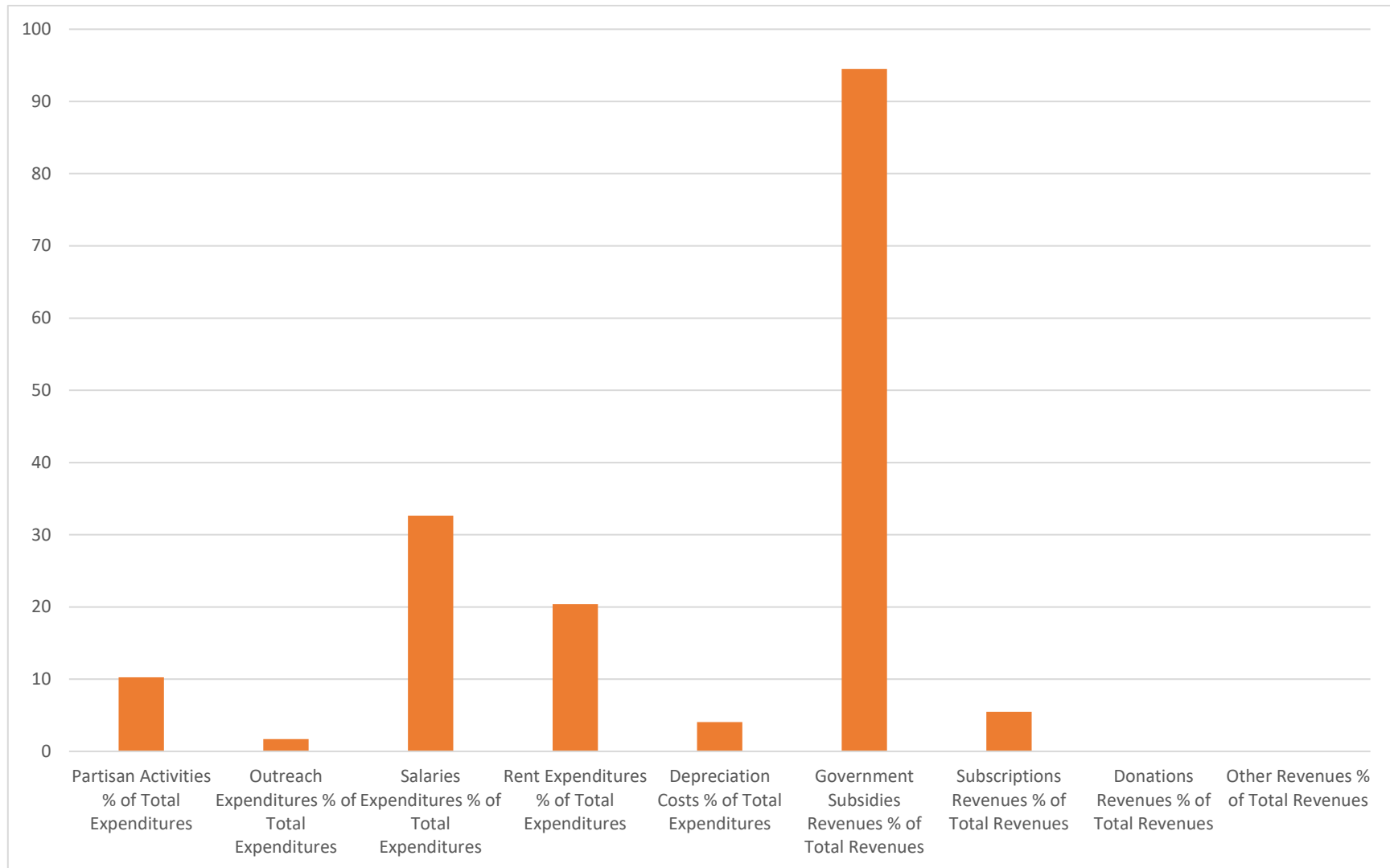


Figure 44: Al-Resalah Party (Ratios)



Highlights

- Communist Party participated in the 2017 Greater Amman Municipality & municipal elections. Total amount of expenditures for elections is 11,784.380 JD.
- Communist Party won a case against a former member worth 9,320 (Other Revenues).
- The bulk of the communist party's outreach expenditures comes from printing their newspaper.
- HASHD's deficit mainly comes from newspaper printing expenditures.
- HASHD's outreach expenditures constitute newspaper expenditures.
- HASHD's other revenues constitute printing revenues.
- Zamzam's other revenues constitute members registration revenues.
- IAF is the only party that have reported "Investment Returns" item with a total of 1,067 JD.
- JSDP reported "Renting Facilities Returns" item with a total of 250 JD.
- The National Constitutional Party reported "Interest Returns" item with a total of 196 JD.
- The IAF & HASHD were the only parties that reported expenditures for "Health Insurance" for their employees, amounting to 1,086 JD and 16,726.280 JD respectively.
- The IAF, HASHD, Nationalist Movement Party, & the Islamic Centrist Party were the only parties that have reported "Contributions to Social Security" in their expenditures, amounting to 5,638 JD 4,284.756 JD 370 JD and 1,962 JD respectively.

Conclusions

- Most parties still rely heavily on government subsidies to function, and without it, it would cease to exist.
- Members subscriptions and donations remain an unexplored source of income for many parties.
- Some parties have shown the ability to secure funds needed to function at times of financial hardship.
- Engaging in investments or other resources such as renting facilities and interest returns to secure additional income for parties remain an unexplored territory except for the IAF, JSDP, and National Constitutional Party who are already active in this area.
- A large chunk of parties' expenditures goes to salaries and rents, and very little remains to conduct partisan activities, indicating that parties do not live up to their principles.
- Very few parties maintain a systemized outreach mechanism such as newspapers and other tools of communication with the public.
- Most parties suffer from deficits, even when receiving the total amount of government subsidies.

Recommendations

- Technical support must be offered to parties to activate their membership registries and collect membership subscriptions. The same applies to donations from party supporters and the public. NIMD could offer this kind of support to political parties to start including it in their strategic plans.
- Technical support must be offered to political parties to engage in investments that would bring additional income to parties to aid in supporting parties' functions. NIMD could offer this kind of support to political parties to start including it in their strategic plans.
- Technical support must be offered to political parties to utilize different outreach mechanisms with the public. NIMD could offer this kind of support to political parties to start including it in their strategic plans.
- Technical support must be offered to political parties to enhance their financial planning to avoid budget deficits. NIMD could offer this kind of support to political parties to start including it in their strategic plans.
- The bylaw for subsidizing political parties must be amended to stimulate parties to become more politically active and start focusing more on partisan activities and outreach instead of spending the bulk of their funds on salaries and rents. NIMD could facilitate dialogues with related stakeholders to propose amendments, and also provide recommendations from local and international experts to amend the bylaw and make it more stimulating to partisan work.

Democracy starts with dialogue.

تبدأ الديمقراطية بالحوار