

Public Transportation in Jordan: A Policy Study Report

This report is prepared by the Center for the Study of the Built Environment (CSBE) in association with, and through support from, the Friedrich Ebert Foundation
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Introduction

This report on public transportation is commissioned by the Friedrich Ebert Foundation as part of its emphasis on aiding both the public and decision makers in Jordan in accessing needed information on issues affecting public policy in the country, particularly those connected to climate change. The report is a continuation of a study entitled "[Using Public Transportation in Amman](#)" that the Center for the Study of the Built Environment (CSBE) carried out in 2014 in association with the [Ma'an Nasel](#) campaign (Together We Arrive) of the [Taqaddam Platform](#). The original study provides an overview of public transportation in Jordan. It includes information taken from studies, interviews with officials, media coverage of the subject, and documentary films. The study also included carrying out interviews with regular users of public transportation, and the testing of over a dozen public transportation lines that serve various areas in Amman and also connect Amman to Madaba and Zarqa. In addition, a summary of the study that aims at communicating its results to a wide audience was presented through a short animated film entitled "[Basima's Daily Trip to her Work](#)."

The original study emphasized the experience of the users of the service, i.e. the consumers. This study concentrates on those responsible for providing it. These of course consist of the providers (i.e. operators) themselves, but also legislators and regulators, who define the legal and regulatory framework in which the operators function. The legislators are members of both the lower and upper houses of Parliament. The regulators are the Ministry of Transport; the Land Transport Regulatory Commission (LTRC), whose board is headed by the Minister of Transport; the Greater Amman Municipality (GAM), which is responsible for public transportation services within its boundaries; and the Aqaba Special Economic Zone Authority (ASEZA), which is responsible for public transportation services within the boundaries of the Aqaba Special Economic Zone. It also should be noted that the draft for a new transportation law (Law for the Regulation of the Transportation of Passengers for the Year 2015) that was submitted to the previous Parliament, but was not passed by the time parliament was dissolved, lays the ground for granting regulatory authority regarding public transportation to local authorities, i.e. governorates and municipalities. (1)

This document accordingly presents what may be referred to as a "policy study" in that it examines how the country's policies regarding public transportation are being conceived and implemented, and also looks into the various forces that define it. It consequently looks into current policies and practices, but also examines realistic and applicable changes that may improve the quality of public transportation in the country.

Study Team

The team that has prepared this study consists of a diverse set of members. These include staff members from CSBE. As a think-do tank concerned with issues relating to urbanism, the issue of public transportation is at the forefront of CSBE's interests. More specifically, CSBE had carried out the study on the users' experience of public transportation in Jordan mentioned above. Three of CSBE's team members, Mohammad al-Asad, Lara Zureikat, and Tooma Zaghloul, have been involved in both the previous study and this one.

The study team also includes Sahar al-Aloul, the former director of the Taqaddam Platform, and a founding member of the Ma'an Nasel campaign. The campaign's most recent and important accomplishment has been publishing a [map](#) that covers over 75 public transportation lines in Amman.

In addition, the team includes Hazem Zureiqat, one of Jordan's foremost transportation specialists, a current transportation consultant at the Jordanian engineering firm Engicon, the former Head of the Transportation Economics and Modeling Division at GAM, and also a founding member of the Ma'an Nasel campaign.

Finally, we have engaged legal specialist Nour Al Emam of the Arab Law Firm to carry out a review of the proposed law submitted to the previous Parliament. This draft law presents the overall positions of the authorities and various stakeholders (primarily operators) regarding the future of public transportation in the country.

All members of the team have a strong interest in the topic of public transportation, and have been heavily involved in studying it and looking into solutions for improving it.

Study Approach

The study is based on a series of interviews and meetings with legislators and operators, as well as past and present regulators who have been involved in public transportation in Jordan. These consist of the following (arranged alphabetically): (2)

- Jawad al-'Anani, former Member of the Upper House of Parliament and Head of its Public Services and Transport Committee.
- Amer al-Bashir, former Member of the Lower House of Parliament and Head of its Public Services and Transport Committee, and former Deputy Mayor at GAM.
- 'Ala' Batayneh, former Member of the Upper House of Parliament, former Secretary General of the Ministry of Transport, and former Minister of Transport.
- Ahmad al-Da'jah, owner of a taxi company.
- Ammar Gharaybeh, Secretary General of the Ministry of Transport, and former City Manager at GAM.
- Mohammad Hamed, former (and founding) Director General of what is now known as LTRC.
- Marwan Hmoud, Director General of LTRC.
- 'Abd al-Razzaq al-Khashman, owner of a public transportation company and President of the Bus Operators Syndicate.
- Marwan al-Khitan, member of the board of directors of the Comprehensive Multiple Transportation Company (CMTC; which is also known as al-Mutakamilah Company), and former Director of the Public Transportation Corporation (PTC).
- Jamil Mujahid, former Director General of LTRC, former Director of the Central Traffic Department, and former Director of the Traffic Institute.
- Muhammad Hammad al-Murayghi al-Qu'ayd, owner / operator of two public transportation buses.
- Lina Shabib, former Minister of Transport.
- Ayman Smadi, former Director of Transportation and Traffic Management at GAM.

It was clear to us from the interviews and meetings with this group of people who have been directly and intimately involved in the public transportation sector that they collectively represent extensive knowledge and experience. Such knowledge and experience definitely should be put to use as the country attempts to deal with the many challenges facing public transportation. This particularly applies to former regulators. Although current officials have an opportunity to provide input in ongoing efforts aimed at addressing public transportation, former ones more often than not are no longer involved in the decision-making process affecting this sector.

Our interviewees present a diversity of opinions and positions that of course are not necessarily in agreement with each other, but that are of great value in terms of enriching the understanding of issues relating to public transportation and exploring solutions for them.

It is also very important to emphasize that although we benefited extensively from the input we received from those we interviewed, and that much of the report is based on what we have learned from listening to what they have had to say, the content of the report does not necessarily reflect their views, and they of course are not responsible for it. The report expresses the positions and conclusions of the project team.

Challenges Affecting Public Transportation in Jordan

Through our study of the condition of public transportation in Jordan, we have identified the following highly interconnected challenges:

A - At the policy level, public transportation does not seem to be a priority of the state, and does not in any way come close to receiving the attention given to other issues of national concern such as security, defense, education, health, or attracting investment. Although it is receiving increasing attention - as evident in statements being regularly made by figures in positions of leadership, such attention has yet to be translated into action. It is expected, however, that the state will need to address the challenges facing the sector sooner or later in a more serious manner considering the increasing grievances being made by its users. The local media regularly features news items about the suffering of public transportation users. Moreover, grassroots movements that call for improving public transportation have come into being. In addition to the above-mentioned Ma'an Nasel campaign, a level of activism protesting the poor quality of public transportation has emerged at universities, particularly the Hashemite University, and has featured boycotts, marches, and sit-ins. Even those who rely on private vehicles for their transportation needs are becoming increasingly sympathetic to the plight of public transportation users, partly because of the overwhelming traffic congestion from which Amman and other sizable Jordanian cities suffer, and which they have to endure as users of private vehicles on a daily basis. They have come to the realization that an improvement in public transportation and an increased reliance on it can help relieve such traffic congestion.

B - The sector does not receive any significant financial support from the state, which is not surprising considering that public transportation is not among its priorities. The state acts as though this sector should be financially self-sufficient, and therefore should cover its costs. LTRC determines fares according to a formula it has developed that addresses factors such as the price of gas and general capital and operating costs, as well as the operator's profit margin, and assumes a certain occupancy rate. Criticism, however, has been made that the formula does not take into consideration the particularities of different routes, specifically relating to issues such as the number of users (reflected in the occupancy rate). As a result, the formula may work well for some operators, but not for others. Many operators accordingly are only able to make a profit by lowering the frequency of bus trips and not initiating trips until their buses are full. This, in turn, results in a poor quality of service and low reliability.

Subsidies for public transportation are almost nonexistent. The only support currently provided for the sector relates to the routes serving a limited number of universities in the country that are located outside urban centers: al-Hussein University, the Jordan University of Science and Technology, Al al-Bayt University, and the Hashemite University. The annual subsidies provided for these routes amount to about six million JD, and they are exceptional in nature in that they are only provided because of the geographic remoteness of these universities (hence the students are the only users of those routes). This condition is unfortunate considering that subsidizing the country's public transportation network as a whole and improving the quality of services it offers will have positive effects on the Jordanian economy and on the quality of life in the country.

Such effects are evident in reducing energy consumption, pollution levels, and traffic accident rates. In addition, improving the quality of public transportation will mean that people would spend less time, energy, and money on their transportation needs, which will result in increased productivity.

According to a 2013 [study](#) (3) that LTRC had carried out for the Jerash Governorate, it was concluded that in order to improve the quality of public transportation in the governorate to acceptable levels (primarily through increasing the frequency of bus services), subsidies that equal about 50% (300,000 JD) of the current income of the sector in that governorate would need to be provided per year. Considering that the governorate only has about 2.5 % of Jordan's population, an extrapolation of that amount indicates that public transportation in the country would need to be subsidized roughly in the amount of twelve million JD per year. In contrast, the former Member of the Lower House of Parliament and Head of its Public Services and Transport Committee, Amer al-Bashir, states in a position paper he published in 2015 while a Member of Parliament that the sector needs 800 million JD over a period of five years (i.e. 160 million JD per year). (4) The two differing numbers of course address different levels of service to which each aspires, and the 800 million JDs most probably includes infrastructure improvements rather than merely operational subsidies. The incredibly wide divergence between the two figures, however, does show that there still is no general national consensus regarding the level at which public transportation services should operate, and also reflects the incompleteness of hard data currently available regarding the state of the sector. We in fact have faced considerable difficulties obtaining clear statistics regarding not only demand (which is generally hard to obtain), but also supply, i.e. the number of public transportation vehicles, number of routes The numbers provided in the media and also by the relevant governmental organizations are often inconsistent

The new proposed transportation law does refer to establishing a transportation fund and accounts to support the sector whose revenues would come from a number of sources such as a tax on fuel consumption as well as licensing and permit fees. It of course remains to be seen how such fund and accounts will be set up and administered, assuming of course that the law that eventually will be passed will incorporate these fund and accounts.

It should be emphasized that even if the public transportation sector begins receiving the attention it deserves from the state, this does not guarantee a corresponding improvement in the quality of its services. Even if substantial financial resources are secured for the sector, there is a need to guarantee that such funds are spent efficiently and transparently. This means that a number of measures will need to be put in place to ensure that funding is not, for example, spent on employing additional public-sector staff and thus contributing to increasing the size of Jordan's already bloated bureaucracy, an affliction from which governmental organizations, including those responsible for the public transportation sector, suffer. Accordingly, structural changes need to be made at the relevant public-sector organizations regarding issues such as the number of staff members to be employed, the mechanisms according to which they are selected, paid, and assessed, as well as how authority is distributed within these organizations. Judging from previous attempts, however, it is doubtful that such changes will be implemented anytime soon.

C - It should be noted that **a number of public entities have authority over public transportation in Jordan**. These include the Central Traffic Department, LTRC, GAM, and the Ministry of Transport. Coordination among them is very weak, and is sometimes non-existent. There also are numerous gray zones relating to where the authority of one organization ends and the authority of another one begins.

Examples of this abound. For instance, routes operating wholly within Amman are under the jurisdiction of GAM, while those connecting Amman with areas outside the city's borders are under the jurisdiction of LTRC.

LTRC regulations specify that vehicles operating on routes connecting Amman with locations outside the city are not allowed to transport passengers within Amman even though they may run for considerable distances within the city and may be very convenient for users commuting within it. In fact, these routes do end up transporting intra-city passengers even though they are not legally allowed to do so. It accordingly has been suggested that such inter-city routes should begin and end at stations located at the edges of large cities in Jordan. Passengers would transfer upon reaching them to the intra-city routes that lead to their destinations. In addition, fares for public transportation vehicles running along routes within the borders of Amman are primarily determined by LTRC rather than GAM, which limits GAM's ability to fully manage the conditions in which such routes function.

There consequently is an element of conflict between these different entities over the authority that each of them is to exert, and exchanges of blame between them are not uncommon. Add to this that the new proposed transportation law, which, if passed, would lay the ground for transferring some authority regarding public transportation to governorates, individual municipalities, or groups of adjacent municipalities. Even though municipalities in Jordan (with the exception of the municipal bodies governing Amman and Aqaba) have very little autonomy in relation to the central government, and remain heavily under the control of the Ministry of Municipal Affairs, this still means that some conflict over authority between these municipalities and other regulatory entities may very well emerge. Nonetheless, such a decentralization of authority also can have positive outcomes since municipalities will be in a better position (theoretically at least) to assess their public transportation needs in comparison to central governmental institutions.

D - The manner in which the sector has been patched up together over the years leaves much to be desired (see text box). Although, as mentioned above, exact numbers are difficult to come by, **the sector includes a few thousand individual operators who own over 85% of the country's public transportation fleet.** Vehicles operating on a given public transportation route often belong to different owners. Such large numbers are very difficult to efficiently administer, and certain improvements are difficult to implement under such an ownership scheme. To further complicate matters, those who have been granted concessions to run vehicles along routes view these concessions as permanent entitlements that they even should be able to pass on to their heirs. Current tax laws in fact encourage individual ownership of vehicles since they offer higher exemptions to individual operators in comparison to companies. Such arrangements contribute to discouraging large investors from entering the sector. This condition is partly responsible for the relative shortage of public transportation vehicles in Jordan, where available statistics indicate that there are 0.2 buses per 1000 people, even though a preferred ratio is one per 1000 people (5). The proposed draft law that was presented to the previous Parliament does require individual operators who own vehicles running along the same route to merge under the umbrella of a company. This requirement, however, most probably will not have much of an impact on how these operators function since it still allows them to continue to own and manage their own vehicles.

E - A good number of those we have interviewed state that **many of the public transportation routes in the country are highly redundant**, and that the country's over 1600 routes accordingly may be reduced to as little as a quarter of that number, which would result in increasing the efficiency of service. (6)

F - A number of operators have pointed out that **ever-increasing traffic congestion is taking a heavy toll on their revenues and productivity.** Public transportation vehicles are spending an increasing amount of time completing their routes. The smaller the distance they are able to cover every day, the smaller the amounts of passengers they can carry, which translates into lower revenues. It has been suggested that there may be a need to limit, or even ban, private vehicles from congested streets along which public transportation routes run during peak hours in order to address this problem.

G - With the exception of a few routes operated by al-Mutakamilah Company, which introduced a smartcard system, **the payment of fares is on a cash basis only**. This makes the payment of fares by users and their collection by operators rather difficult. It also complicates the monitoring of fares collected, thus placing additional hurdles on the implementation of any subsidy system.

H - The most serious of the challenges affecting public transportation remains institutional in nature. The public sector in Jordan faces numerous impediments that undermine the level of its performance. Many public-sector organizations suffer from serious problems relating to bloated employment levels, and, by extension, underpaid staff, a good number of whom do not have the necessary technical and managerial capacities that enable them to carry out their work according to acceptable standards. Moreover, the policies, decisions, and actions made at public institutions often are determined by the individuals running them rather than through an institutional process. Even those individuals, however, find themselves unable to make any changes they might set out to achieve because of various factors including short tenures, the strength of relevant interest-groups, and embedded bureaucracies. This lack of institutional decision making is highly problematic. Among other things, this means that policies, decisions, and actions often change with the individuals running those institutions, thus resulting in disruptions and discontinuities. Accordingly, and as mentioned above, even if public transportation does become a priority for the state and is provided with adequate funding, this will not guarantee a positive transformation of the sector if the relevant public bodies do not undergo the necessary structural reforms and do not develop the required competencies needed to improve it. They also need to undergo a level of restructuring that simplifies and consolidates the divisions of authority over public transportation between them. In fact, most of those we have interviewed seem pessimistic regarding the potential for achieving any meaningful improvements in the quality of public transportation services in the country. Although the media has no shortage of news items about promised improvements by the relevant authorities to the public transportation system, such promises most often remain unfulfilled.

All these problems of course negatively impact the quality of public transportation services in Jordan, as discussed in detail in the CSBE study “Using Public Transportation in Amman” mentioned above. Such poor quality is evident in many aspects of the service including poor coverage; a low frequency of service along numerous lines; the lack of information on existing lines, their hours of operation, fares, and frequency of service; a shortage of functioning bus stops; and generally poor service that is evident in the maintenance and cleanliness of vehicles.

A brief and partial history of public transportation in Jordan:

The present overall situation regarding public transportation is inefficient and chaotic. This is the result of practices governing public transportation - particularly relating to the layout of routes and the granting of licenses for running them - that have been taking place over a period of more than four decades. During this period, numerous governmental institutions have had an impact on public transportation. The history of public transportation in Jordan has not been written, which is an indication of how little of an institutional memory exists for it. We have been able to put together a partial narrative for it through the various interviews we carried out, particularly with those who have witnessed its evolution firsthand over the past few decades. Before LTRC was established in 2000, traffic routes were determined and given out to operators by the Ministry of Interior's Traffic Committees in what seems to have been a rather haphazard manner, and that also seems to have included a good deal of favor granting. It even has been mentioned that the operators who received those concessions had considerable say in determining the paths of their routes. This partly explains the redundancies found in many of the country's routes.

In 1975, the governmental Public Transportation Corporation (PTC) was established to directly provide public transportation services in Amman as well as between Amman and a few neighboring cities, but this was disbanded in 2000. By then, it had accumulated debts amounting to about fifteen million JDs. This seems to have been the result of overstaffing. It also was the result of creating routes that served very low population densities, but were established nonetheless because of the pressures exerted by connected landowners who would benefit from an increase of property values if those properties are served by public transportation. Moreover, the financial insolvency of the institution was a result of its being directed by the government to charge below-cost fares, but not being granted any financial support to make up for them. In other words, the government required PTC to offer a subsidy, but did not provide for a sustainable framework through which the deficit that PTC incurred from this subsidy would be covered.

After PTC was disbanded, the management of public transportation in the country was transferred to the newly-established Public Transport Regulatory Commission (PTRC; which was later renamed LTRC), whose role has been regulatory in nature, and does not include the operation of routes. In 2007, the regulation of public transportation routes within Amman was transferred from LTRC to GAM. As mentioned in this report, the proposed transportation law that has been drafted would also transfer some authority relating to public transportation from LTRC to governorates and to other municipalities in the country.

It should be added that GAM experimented with a Public Private Partnership (PPP) arrangement through the establishment of al-Mutakamilah Company, which emerged during the first few years of the past decade as Jordan's largest public transportation operator, but the arrangement has not proven to be successful, and the company has been suffering from heavy losses. The company, whose ownership has changed over the years, and has included private local and foreign investors, GAM, and the Government of Jordan, seems to have suffered from mismanagement and also from having to satisfy the often differing demands of its public and private-sector owners regarding expenditures and revenues.

Possible Remedies

A good number of possible remedies of course have been suggested during the course of our interviews. They include the conceptual, as well as the technical and detail-oriented. Also, a few essentially fall under the category of a wish-list of hoped for outcomes more than that of a plan of action. The remedies mentioned most often consist of the following:

A - Public transportation must become a priority for policy makers. It is felt that until this happens, one cannot expect much improvement in the quality of public transportation available in Jordan.

B - The state should subsidize public transportation. Various general ideas regarding the source of funding (such as a fuel tax), structure for funding (a dedicated fund or account), and mechanisms for distributing it (lump-sum support for operators, gross or net-cost contracts, etc.) were suggested by those we interviewed for providing such subsidy, but no specific ones seemed to prevail. Moreover, it seemed that at this stage the concern is with ensuring acceptance and support for the concept of a subsidy rather than putting forward the details for implementing it.

C - The institutional / organizational framework governing public transportation in Jordan should be rethought and restructured. As mentioned above, the boundaries defining the role of each of the different public sector organizations involved in regulating public transportation (LTRC, GAM, Ministry of Transport, municipalities ...) are not very clear.

D - The issue of the individual ownership of public transportation vehicles needs to be addressed. It is definitely easier for regulators to deal with a handful of operators than with thousands of them as is currently the case. In addition, large-scale operators will be able to benefit from economies of scale in running their operations. This would allow them to bring down operating costs per passenger or distance unit covered, as well as put forward improvements to services that small operators are not able to afford.

It should be mentioned, however, that such a sentiment is not necessarily shared by the operators themselves. This is to be expected considering that they have no interest in changing the status quo since they fear that changes to it may erode existing entitlements. If they are to be brought aboard regarding the issue of mergers, incentives will need to be offered to them, primarily in the form of subsidies. Another option of course would be to buy the operating licenses granted to smaller operators at prevalent market rates and then resell them to larger operators. Interestingly enough, there seems to be no consensus regarding the amount that will need to be paid, and estimates we have been provided with have ranged from 200 million to one billion JD.

In this context, it is important to add that we noticed considerable general mistrust between regulators and operators. Regulators on the one hand complain that it is extremely difficult to work with an incredibly large number of small operators who collectively have a considerable amount of political clout as a pressure group, and all of whom feel a sense of entitlement regarding routes and believe that they own the routes they operate in perpetuity regardless of the quality of services they may offer. Many operators on the other hand state that they are excluded from the decision-making processes affecting them (they state, in this regard, that only a small number of them were consulted in the drafting of the new proposed public transportation law), and that the high taxes and excessive bureaucratic procedures imposed upon them make it very difficult for them to function, if not survive. They add that some operators receive preferential treatment from regulators because of their contacts, while others are treated harshly. Obviously, building a relationship of trust between the two is an important step towards reforming the sector. As a new relationship is forged between the two sides, however, it is important that the general public does not conclude that regulators and operators are in collusion at the expense of users. Obviously, fairness, transparency, and good governance are in order.

E - The Bus Rapid Transit (BRT) routes planned for Amman and between Amman and Zarqa system need to be implemented. There is a feeling that large-scale ambitious projects such as these may very well provide a tipping point in terms of emphasizing the importance of public transportation and its adoption and support by the state. Some even feel that this should be a first step towards establishing other modes of ambitious public transportation systems such as Light Rail Transit (LRT) and underground metro networks. It is also important to mention that it has been stated that a BRT system will not be successful if it is not supported by an efficient network of feeder lines.

F - Redundant routes need to be merged. As mentioned above, some of those we interviewed believe that up to three quarters of the country's over 1600 existing routes may be merged because of redundancies in their paths, and that a well-planned network consisting of a far smaller number of routes will be far more efficient than the existing one.

G - Smart systems for fare payment and tracking should become standard for public transportation vehicles. The technology for both is readily available and is used for some routes, but on a very limited basis. Implementing such smart payment and tracking systems will improve the quality of service offered, make it easier for passengers to use public transportation, allow for an easier implementation of targeted subsidy systems such as lower fares for students and seniors, and allow for the collection of more extensive and accurate data regarding routes, schedules, and payments made.

H - Information on public transportation should be efficiently and widely disseminated to the general public. This includes information on issues such as routes, fares, frequencies, and schedules.

I - Insurance limits for public transportation companies should be raised since current limits are very low. Accordingly, a single accident involving serious injury or death may put an operator, even a large one, out of business. Raising insurance limits will also encourage larger operators to enter the sector.

J - Other proposed solutions include simplifying procedures for granting drivers' licenses for drivers of full-size buses, or allowing the employment of foreign drivers for such buses since the country faces a shortage of these drivers because of the difficulty of obtaining drivers' licenses for full-size buses. In addition, it has been proposed that a specialized 'public transportation police' be established to facilitate the enforcement of regulations and penalize offending drivers (as with overcharging rates or refusing to offer service to passengers) since the relevant authorities do not presently have the necessary required enforcement authority at their disposal.

The Government and Public Transportation: Regulator, Subsidy Provider, Owner, or Service Provider

It is to be expected that the state should regulate any service that the private sector provides to the public. Such regulation ideally is put in place to ensure that the public good is served. The resulting regulations may be very minimal and light-handed, or may be extensive and overbearing. In other words, they may end up being less or more than what is required to ensure that the public good is served.

In case a service is seen as a basic one that is essential and crucial for the members of society to be able to carry on their daily lives in an acceptable manner, then obtaining access to this service is considered a basic right. In numerous circumstances, ensuring such access may only be achieved through the direct support of the government, as with education and health services. Many jurisdictions throughout the world would add mobility (of which public transportation is an essential component) to these services. Here, the state will need to support the delivery of the service through allocating subsidies to its providers in the private sector, or even directly providing the service, either exclusively, or along with the private sector.

In providing these basic services, the state accordingly will need to extend its role beyond that of regulator. It will need to also take on the role of subsidy provider, and may in addition have to take on the role of service provider.

The Jordanian state did take on the role public transportation service provider and owned public transportation vehicles for almost a quarter of a century through PTC, but the experience was not successful as the authorities did not have any clear plans for securing the financial support, i.e. subsidy, that providing the service required. It currently is only taking on a shy role as a subsidy provider through its support of the routes serving a few universities located in remote locations. The state today accordingly is limiting its role to regulator. It should be mentioned, however, that it does own a controlling share in al-Mutakamila Company (which is a public shareholding company), but that is only because the previous Kuwaiti majority-shareholders decided to sell their shares in the company, and the Government of Jordan bought those shares because there were no other buyers. The government also did not want to risk the collapse of the country's largest public transportation operator and the services it offers, and did not want to give the message to investors from the Gulf that Jordan is not supportive of their investments.

It also is worth noting in this context that the state does own the various terminals around the country serving bus routes, which could be owned and / or operated by private investors. This in fact is worth reconsidering since the involvement of the private sector in the ownership, construction, and management of such terminals (possibly on a Build – Transfer – Operate (BOT) arrangement) can have a positive impact on all those involved. The government would get income from giving out concessions to the private sector to build and operate them, and also will not have to deal with the challenges of managing them. Moreover, the private sector will be presented with new investment opportunities through the income it makes from charging operators for the use of the facilities and renting retail space in them; and users will receive better-quality services in those terminals if they are run by the private sector.

The state unfortunately has not even been able to fulfill the role of regulator adequately. After all, the current public transportation system has failed to serve the public good in an acceptable manner. One of the clearest signs of this is the rise of an informal transportation sector throughout the county through which unlicensed private vehicles are providing transportation services. According to [LTRC's estimates](#) (7), there are about 30,000 vehicles engaged in this activity. Such a rise in unlicensed providers would not have taken place had the existing public transportation system adequately served the needs of its users. There obviously is a need to reassess the role of the state in its capacities as regulator, service provider, and subsidy provider in relation to public transportation.

A Suggested Roadmap for the Future of Public Transportation

From our perspective, we of course agree that any reform of the public transportation sector in Jordan will need to incorporate a subsidy system that covers many of its existing routes. We also believe that putting forward a subsidy system should be the first point of departure for improving the state of public transportation in Jordan, and will allow for realizing many of the remedies listed above. Implementing a subsidy system will be an indication that the state is giving a higher level of priority to public transportation. It will be possible to readily provide such a subsidy through mechanisms such as the establishment of public transportation fund and accounts as alluded to in the new proposed transportation law.

It should be emphasized, however, that past experiences have shown that it would be best for the public sector to continue its present course of staying away from taking on the role of service provider. Instead, the public sector will play a more constructive and productive role as regulator and subsidy provider. Such regulating agencies need to function according to clear criteria regarding number of staff members, their qualifications, as well as their authorities, responsibilities, and accountability. This is another prerequisite that we feel any remedy for improving public transportation should incorporate.

A primary option for addressing the state of public transportation in Jordan would be to develop a subsidy plan for private-sector operators that would take into consideration both the number of passengers transported and the distances covered. It would be easy to collect such data through installing trackers on public transportation vehicles and using smart cards or other modern ticketing technologies for payments.

The subsidies would be offered to a consortium or consortiums of operators who will need to satisfy specified performance indicators relating to vehicles and quality of service in order to qualify for the subsidies. Such indicators would include criteria related to issues such as the number of vehicles owned, maintenance and cleanliness, the frequency of service, as well as the installation of trackers and smart card payment systems as specified above. The subsidies will provide incentives for operators to merge and to upgrade their vehicles and levels of services provided, knowing that by doing so they will cover their costs and also make a profit. Moreover, such subsidies may very well encourage large-scale investors to move into this sector through buying both existing and new route licenses and / or operating the vehicles on these routes.

An independent neutral third party may be engaged to help determine the system according to which such subsidies are to be provided. The authorities accordingly may collect all fares and then pay service providers an amount that includes their costs and a profit margin, or what is known as a “gross cost contract.” Alternately, they may allow service providers to collect fares, and would provide them a subsidy over and above those fares if the route is unprofitable, or what is known as a “net cost contract.” The operators accordingly would function in a more-or-less similar manner as utility companies in Jordan such as the water company Miyahuna or the Jordan Electric Power Company. Miyahuna provides water services to the governorates of Amman, Madaba, and Zarqa, and is fully owned by the Water Authority of Jordan. The Jordan Electric Power Company is a public shareholding company that is run on commercial basis and distributes electricity to Amman, Salt, Zarqa, and Madaba. Both companies function within the context of a subsidy regime. They therefore essentially buy water and electricity from the government at subsidized prices, and sell them to the public according to a profit margin set by the government. Both carry out their tasks rather efficiently and provide the public with good-quality service.

The fact that there are thousands of providers admittedly complicates any attempts at organizing the sector. The model suggested above still may be initiated by making arrangements involving a limited number of operators and a limited number of routes, and accordingly developing the system, fine-tuning it, and gradually expanding it. This involves revisiting the experience of al-Mutakamila Company as it provided a promising beginning, but did not succeed because of a lack of clarity regarding the amount of the subsidy to be provided and how it would be provided, as well as issues relating to mismanagement. The process will neither be simple nor easy to implement. Mistakes will be made along the way, and lessons will be learned, but the results will still be far better than what currently exists.

Footnotes

(1) A review of this proposed transportation law has been prepared in conjunction with this study by Nour Al Emam.

(2) Only the positions directly connected to public transportation are listed for the people we interviewed. It also should be noted that a number of the people we interviewed are listed as “former” officials, but did occupy the positions listed for them while we were working on this report. This is partly the result of the high turnover rate that characterizes high-level positions in the public sector in the country.

(3) See Jamil Mujahid, “لماذا يجب دعم النقل العام” [Why Should Public Transportation be Subsidized?], al-Ghad, January 28, 2016. (The article is available online at <https://goo.gl/rxkyc8>)

(4) See Amer al-Bashir, “رؤية نيابية لإصلاح قطاع النقل العام” [A Parliamentary Vision for Reforming the Public Transportation Sector], n.p., n.d.

(5) See, Jamil Mujahid, “النقل في عمان: تزايد السكان وتناقص الحافلات” [Transportation in Amman: An Increase in Population and a Decrease in Vehicles], al-Ghad, March 15, 2016. (The article is available online at <http://goo.gl/OPp77W>)

(6) This was confirmed by the team that worked on the Ma’an Nasel map. The map covers around 75 of Amman’s nearly 300 routes, and the team members have felt that these 75 routes provide adequate coverage of the city as a whole, and that the remaining ones are rather redundant.

(7) See, ‘Amer Khatatbeh, “هيئة النقل: 30 ألف مركبة خاصة تعمل بالأجرة في المملكة” [Transportation Commission: Thirty Thousand Private Vehicles Work for Hire in the Kingdom], al-Ghad, August 9, 2016. (The article is available online at <https://goo.gl/uvQ9FA>)

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In addition, a review of the draft of the proposed transportation law (Law for the Regulation of the Transportation of Passengers for the Year 2015) that was submitted to the previous Parliament has been prepared by Nour Al Emam, Advocate, Arab Law Firm.

General Review of the Draft Law for the Regulation of the Transportation of Passengers of 2015

Introduction:

The passenger transportation sector is one of the biggest challenges that the Jordanian government faces. The overland passenger and goods transportation sector in Jordan is regulated by over fifty laws, regulations, and directives that were enacted to regulate the sector's operations.

The Land Transport Regulatory Commission (LTRC) provides the main reference framework for the regulation of transportation in Jordan, together with other competent parties. These include the Greater Amman Municipality (GAM) and the municipalities authorized to regulate land transport affairs by the director-general of LTRC in accordance with the Temporary Law for the Transportation of Passengers of 2010.

The enactment of the law amending the Law for the Transportation of Passengers is pending. The Upper House of Parliament (the Senate) has reviewed it, commented on it, and returned it to the Lower House of Parliament to be enacted once it has received approval by Royal Decree. This will signal the launch of the process of developing the transportation sector by virtue of the amendments that the law introduces. These include the activation of a mechanism to enhance the passenger transportation sector by means of establishing a dedicated fund, decentralization of the sector, and correcting the status of those practicing the profession of transporting passengers by integrating individual professionals into companies with the aim of improving the quality of their services.

This review presents the law's most salient features through twenty questions and answers that aim to elucidate its provisions and provide some comments for the benefit of those concerned ahead of the final ratification of the law.

1. To what is the law linked?

This law is linked in a basic manner with the Law of the Land Transport Regulatory Commission of 2011.

2. What does the law regulate?

The law regulates services for transporting passengers on overland roads using all forms of transportation, as well as the machinery and services related to the transportation of passengers, including the management and operation of the means of transportation and the regulations governing the collection of fares and transportation facilities.

Hence, there is no relation between the provisions of this law and the Law for Land Transportation by Rail, which is regulated by the Railways Law Number (24) for the year 2012, nor is there any relation between this law and the Code of Railway Licenses and Fees Number (97) of 2014.

3. Which main parties does the law address?

LTRC:

LTRC enjoys an independent corporate personality administratively and financially. It was established in accordance with Law Number (4) of 2011, is headquartered in Amman and is entitled to establish branches in other governorates. It aims to regulate land transportation, monitor it, and encourage investment in it.

The Competent Party:

GAM central municipalities in the governorates, any local authority with municipal powers, or any other party that is authorized by LTRC to regulate the transportation of passengers in accordance with the provisions of the Law for the Land Transport Regulatory Commission.

Note:

The definition of “the competent party” in the law defines the competent party, and allows LTRC to authorize any other party to undertake the duties of the competent party.

According to this definition of the competent party, the governorate councils or their executive councils may be authorized to undertake the duties of the competent authority, based on the provisions of the Law on Decentralization Number (49) of 2015.

The law specifies the duties and powers of the competent authority with regard to the facilities and services for the internal transportation of passengers. The competent authority is also entitled to establish a specialized administration to carry out its duties, which together with the administration’s powers, shall be defined in accordance with directives.

The Licensee:

This is an individual person or a corporate body that obtains the approval of LTRC or the competent authority to offer a service to transport passengers and their personal goods, and to manage and operate transportation means and facilities, fare collection systems, passenger information systems, and any other services pertaining to transportation.

Note:

The law places no restrictions on the nationality of the licensee, and licensees shall be categorized in accordance with regulations.

The Beneficiary:

The beneficiary is the person receiving the transportation service, i.e. the passenger.

The Consultative Committee:

This is a committee established in every governorate by LTRC comprising representatives of the parties involved in and concerned with transportation services. The law does not specify any of the committee’s duties or powers, which are to be determined by the issuing of regulations.

4. How can any given person undertake the duties of passenger transportation?

Passenger transportation services may be offered after obtaining approval to do so through registration with LTRC, after which a license to offer transportation services must be obtained, as well as a license for the means of transportation if the service is operational following the signature of the operating contract with LTRC or the competent authority.

5. What is licensing?

Licensing is the approval that is issued by LTRC to a corporate body (a company or corporation) or an individual to offer passenger transportation services.

A license may not be relinquished or transferred to others without the approval of LTRC’s director-general or whomsoever the director-general authorizes.

The law prohibits the offering of passenger transportation services without obtaining a license on pain of being held legally accountable. The law imposes a fine of 5,000 JD on anyone who offers passenger transformation services without a license.

A license shall be annulled if a licensed entity is subject to voluntary or compulsory liquidation.

Note:

When the law was presented to the Senate, it decided to amend it so that the competent party could task another operator with operating and managing the means and facilities belonging to a licensee that has undergone voluntary or compulsory liquidation to ensure continuity of service to beneficiaries.

6. What is a permit?

A permit is the approval issued by LTRC or the competent party to passenger transportation means that allows them to offer passenger transportation services of various kinds (touristic, rental, regular, private). Vehicles that are not licensed to transport passengers may not be used.

Permits are granted annually. The law prohibits the offering of passenger transportation services upon the expiry, suspension, or cancellation of a permit, and doing so incurs the risk of legal accountability and a fine of 5,000 JD.

The law prohibits the use of a vehicle for the private transportation of passengers without a permit, irrespective of whether the vehicle is being used for a fee or for free.

The law imposes a penalty of 50 – 500 JD for anyone operating a vehicle without a permit.

7. Does a classification exist for transportation services?

The law classifies transportation services as follows:

1. By the type of passenger transportation service offered.
2. By the geographic scope of the passenger transportation service offered.

Passenger transportation services classified by type of service include the following:

1. Passenger transportation services upon demand: this refers to transporting passengers upon demand without being restricted by specific or pre-agreed routes or fares. These services include the following:

- Specialized touristic transportation services: the transportation of passengers and tourist groups by land to touristic locations, including archaeological and religious sites for touristic purposes within the Kingdom and outside it.
- Rental services: renting means of transportation in return for payment for the purpose of transporting individuals or groups, with the exception of tourist groups, within the Kingdom and outside it.
- Taxi services: The service provided by public small passenger vehicles (taxis) to serve passengers according to their wishes and within the scope of the service specified in the permit.

2. Regular transportation services: passenger transportation services that follow specific routes, have fixed fares, and offer regular journeys according to announced schedules.

3. Private transportation services: services that transport workers, students, or those otherwise associated with corporate bodies using passenger transportation means that are registered in the names of those bodies from their places of residence to the headquarters of those corporate bodies and back, and using those transportation means for the purposes for which they have been licensed within the Kingdom. These services shall not be subject to specific routes and timings, or to specific or non-specific fares.

The category of passenger transportation means classified according to the geographic scope of the service offered includes the following:

- Internal public transportation services: These begin with passengers boarding at a location within the administrative boundaries of the competent party, and end with their disembarkation at another location within those boundaries.
- Public transportation service within the governorate: These begin with passengers boarding at a location within the administrative boundaries of the competent party or the governorate, and end with their disembarkation at another location outside the administrative boundaries of the competent party, but within the boundaries of the governorate to which it belongs, and the other way around.
- Public transportation services between governorates: These begin with passengers boarding from a location within the governorate, and end with them disembarking at another location within the boundaries of another governorate.
- International public transportation services: These begin with passengers boarding from a location within the borders of another country, and the other way around.

8. What are the rights and obligations of beneficiaries of the service?

The beneficiary (passenger) is entitled to be transported for a fare from the start point to the end point by the licensee, and must be provided with all the requirements of safety, security, and comfort that must be provided by all means of passenger transportation.

The beneficiary shall be penalized a fine of 10 JD, which can reach a maximum of 20 JD, in the event of not paying the fare.

9. How does the law regulate the issuing of tickets for journeys and the prices of transportation services?

LTRC or the competent party determines the mechanism for issuing journey tickets, including tickets that are valid for more than one route, and the method of collecting fares.

LTRC's board or directors specifies the basis upon which the prices of public transportation services and the use of passenger transportation facilities are determined.

LTRC can make it compulsory for the licensee under contracts and agreements that it concludes with that licensee to offer public transportation services free of charge, or at low prices to certain sectors of beneficiaries in society.

10. Does the law include a mechanism to support the development of the passenger transportation sector?

The law includes two mechanisms to support the development of the passenger transportation sector. The first refers to the establishment of a national fund to subsidize passenger transportation. The second mechanism is of a temporary nature, and comprises an account into which have been transferred the assets, rights and liabilities of GAM's Transportation Subsidy Fund. That fund was established in accordance with the provisions of the Passenger Transportation Law within the Boundaries of Greater Amman Number (51) of 2007, which has been annulled. The law also includes an independent mechanism to subsidize transportation fares.

The National Subsidy Fund for Passenger Transportation:

The amended law includes a qualitative addition that calls for the establishment within LTRC of a national fund for subsidizing passenger transportation. The law gives the Fund an administratively and financially independent corporate status, and a separate independent budget to be ratified by LTRC's board.

The Aims of the Fund Are:

- To develop passenger transportation facilities.
- To support the development of passenger transportation services and those who work to provide them.
- To invest in passenger transportation services.

The Fund's Resources Are:

- Funds allocated to it by the government in the public budget.
- Fees for the investment in passenger transportation services charged to the licensee by LTRC or the competent party.
- Fees and fines collected under the provisions of this law and the regulations issued in accordance with it.
- Fees for the services related to passenger transportation and its facilities.
- Grants and donations that it receives and that the LTRC board accepts on condition that they are approved by the Council of Ministers in the event that they are from a non-Jordanian source.
- Money allocated to the Fund by LTRC.

The law provides an important resource to the Fund in the form of a 20 fils tax on every liter of petrol or heating oil produced by the Jordan Petroleum Refinery Company or by any other party.

Determining the Fund's Expenditures:

The Fund's expenditures shall be determined in accordance with instructions issued by LTRC's board, taking into consideration priorities and needs in the Kingdom's regions.

The Passenger Transportation Revenue Account:

This is a temporary account whose duration extends for a period of five years as of the date on which the law takes effect. According to the law's provisions, the assets, rights, and obligations of the account that was established in accordance with the defunct law number (51) of 2007 (The Law on Passenger Transportation within the Boundaries of the Greater Amman Municipality) shall be transferred to this Account.

Upon the expiry of the five-year period specified by the law, all the assets in the Account shall be transferred to the National Subsidy Fund for Passenger Transportation to support passenger transportation in accordance with the provisions of the amended law.

The Account shall have administrative and financial independence, and an independent budget to be approved by GAM's City Council.

The Account's Resources:

- Sums allocated to it by the government in the public budget.
- The fees for internal passenger transportation services offered by the competent party
- Fees and fines collected under the provisions of this law, and regulations issued in accordance with it.
- Money allocated to the Account by the competent party in its budget.
- Fees for the services related to passenger transportation and its facilities within the areas of the competent party.
- Loans that are obtained and approved by the board of the competent party.
- Grants and donations received by the account and accepted by the board of the competent party on condition that they are approved by the Council of Ministers if they are from a non-Jordanian source.

Note:

The law does not state the objectives of the Account. However, it states at the beginning of the relevant article that it should be operated by taking into consideration the provisions of the article relevant to the Account's establishment. Does this mean that the Account shall be operated in parallel with the Fund? Or is it subject to GAM or to the competent party? Or does it fulfill objectives other than those of the Fund? The best response would be to draft the article in a manner that does not make it subject to wide interpretation.

A mechanism created to subsidize transportation fares:

In the event that the revenues collected from the passenger transportation service are less than the operational costs, LTRC will subsidize transportation fares through the National Subsidy Fund for Passenger Transportation. Moreover, the law obligates LTRC to compensate the licensee for any shortfalls in its revenues in a manner to be determined by LTRC, and that shows the method of calculating the shortfall resulting from the obligation placed by LTRC on the licensee to transport passengers for free or for low fares for certain sectors of beneficiaries.

11 – What is the mechanism for correcting the situations of licensees?

The amended law includes a new text that obligates licensees who are individual persons to correct their situations within five years of the law taking effect. In the event that a licensee fails to do so, LTRC or the competent party is entitled to take the necessary measures against them.

Mechanisms for the correction of a situation:

This shall be done by means of establishing one company that comprises a group of individual licensees for the purpose of transporting passengers along one route or more that serve one area.

The incentives offered by the law to companies:

In order to incentivize licensees to correct their situations in line with the law and to guarantee the regulation of passenger transportation, incentives offered to companies include exempting the companies formed by integrating individual operators from taxes and fees that include customs fees and sales taxes on means of transport. LTRC shall issue instructions to that effect.

12. In what manner will the specialized transportation of passengers be regulated?

The beneficiaries of these transportation services are workers, school students, and other individuals who are linked to corporate entities, whether these services are paid or otherwise.

The approval of LTRC must be obtained before any large or medium-sized vehicle is registered for specialized transportation with the Drivers and Vehicles License Department for the first time.

Instructions issued by LTRC's board shall determine the corporate bodies that are allowed to own large and medium-sized vehicles that are registered for the purposes of specialized transportation. They shall also determine the conditions and procedures for obtaining such approvals and permits. The specifications and technical standards that a vehicle registered to be used for specialized transportation must meet shall be determined by instructions to be issued by LTRC for this particular purpose. No individual is allowed to operate a vehicle that is registered for specialized transportation, irrespective of whether this is done for a fee or free of charge, without obtaining the approval of LTRC.

Vehicles permitted to be used for this purpose may not be used for any other purpose.

13. Is it permissible for LTRC or the competent party to own means of transportation?

The law prohibits the ownership or operation of means of public transportation for passengers by LTRC. However, it permits the competent party to own such means of transportation, without operating them, and it entitles such a party to enter into a contract with another licensed party to operate them on its behalf.

14. What are the duties of the competent party?

The competent party, in coordination with the parties connected to public transport services in the Kingdom, shall assume the following duties and powers relating to the facilities and services of internal public transportation:

- Planning the passenger transportation network, its facilities and routes, taking into consideration the plan of the national network to transport passengers.
- Preparing studies regarding the quality of passenger transportation services, their standards, and their fares.
- Preparing studies on developing passenger transportation services and the need to meet the demand for them.
- Working to meet the demand for public transportation services, and to providing them according to acceptable standards.
- Determining the locations of departure and arrival points, as well as embarkation and disembarkation facilities in cooperation and coordination with LTRC and the relevant authorities.
- Establishing, maintaining, and managing passenger facilities and supervising them.
- Granting permits to provide passenger transportation services under contracts concluded with licensees, and providing LTRC with copies of those contracts in accordance with the contractual principles issued by LTRC for the purposes of offering passenger transportation services and collecting the related fees.
- Determining the fares for transportation services according to the principles issued by LTRC.
- Monitoring licensees and taking the appropriate measures in that regard.
- Receiving complaints from licensees and beneficiaries, following up on them, and making the appropriate decisions.
- Setting aside special lanes for passenger transportation vehicles.
- Determining the pathways of external routes within their administrative borders in coordination with the relevant authorities and in agreement with LTRC.
- Supporting passenger transportation services according to clear principles and standards.

Note:

It is clear from the above that LTRC has entrusted several tasks to the competent party, whereas in the Law on the Transportation of Passengers of 2010, those tasks were entrusted to GAM. This will serve to enhance the concept of decentralization that is being implemented in the Kingdom.

Given the tasks entrusted to the competent party, the law allows it to establish a specialized administration to assume the duties and powers linked to those tasks.

15. Is it permissible for LTRC to cede its duties to any other party?

The board of the competent party exercises, within its areas of specialization, the powers of LTRC's board of directors, and the director of the competent party exercises the powers of the director-general of LTRC with regard to implementing the provisions relating to the powers of the director.

The Law of the Land Transport Regulatory Commission allows its board to give any of the powers stated in the law to any local party that exercises the powers of a municipal council on the recommendation of LTRC's director-general. Municipalities and governorate centers may be authorized to use the above-mentioned powers with regard to land transportation within the boundaries of more than one municipality if a particular municipality or governorate centre constitutes the centre of a land transportation network linking those municipalities.

16. What penalties does the law impose?

The law includes two forms of penalty:

- A financial penalty that involves fining a contravener a minimum sum of 10 JD and a maximum sum of 5,000 JD.
- Procedural penalties.

17. What actions are punishable by fines under the law?

- Continuing to offer passenger transportation services despite the expiry of the permit or license to do so, or the issuance of a decision to suspend or cancel that license.
- Offering passenger transportation services without having first obtained a license from LTRC.
- Using a means of transportation without a valid permit issued by LTRC or the competent party.
- Roaming within cities by international non-Jordanian passenger transportation vehicles.
- The non-adherence by international non-Jordanian passenger transportation vehicles to the routes that LTRC specifies for them.
- Not paying the required fare by beneficiaries.

18. What are the procedural penalties?

If the licensee contravenes the provisions of the law, the licensing conditions, or the permits or contracts, the following penalties shall apply to the licensee once the licensee has been warned and 30 days have elapsed without the correction of the contravention:

- Suspension of the license of permit.
- Confiscation of the value of the financial collateral provided by the licensee.
- Cancellation of the license or permit for all or some of the routes.
- Depriving the contravener from obtaining a license for a maximum period of 3 years.

An employee of LTRC who has been authorized by the director-general, or an employee of the competent party who has been authorized by the director of the competent party within their areas of specialization shall be in charge of implementing the provisions of the law and monitoring the compliance of licensees. The authorized employee is entitled to issue warnings and notices, and to call on the police to seize and impound contravening vehicles.

19. What is the mechanism for objecting to LTRC's decisions?

The law does not include a specific mechanism for objecting to the decisions issued by LTRC. However, the mechanism provided for in the Law on the Land Transport Regulatory Commission may be adopted in this instance.

20. What is the relationship of the Law for the Transport of Passengers with the Law on the Jordanian Investment Fund Number (16) of 2016?

Based on the provisions of the law that granted the Jordanian Investment Fund exclusive rights in investments specified by the law, including the establishment of railway lines, the law gives the Fund the right to contribute to any economic activity in the transportation sector. Hence, in the event that the Fund contributes to activities within the transportation sector, it benefits from all the exemptions on taxes, customs, and fees in the field to which it contributes.

This review is a translation of the original Arabic review. It is a summary of the report that lawyer Nour Al Emam prepared on the draft law.