

**Background Document for the National Poverty Reduction Strategy
Hashemite Kingdom of Jordan**

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Executive Summary

The background document was prepared by the Earth Institute to provide advisory support to the Ministry of Planning and International Cooperation and the Ministry of Social Development in the preparation of the National Poverty Reduction Strategy for the Kingdom of Jordan. The objective of the document is to provide a targeted, time-bound, actionable, and results oriented poverty reduction program, based on a sound analytical framework and building on the national priorities outlined in the National Agenda and the National Executive Program. This document draws on a range of quantitative and qualitative resources that serve to illustrate the social and economic landscape of the country. The Household Expenditure and Income Survey 2008 (HEIS) and the Demographic and Health Survey 2009 (DHS) served as the foundation for the qualitative analysis. In addition, we consulted a wide range of policy documents and benefited from discussions with policy makers, senior government officials, and leaders of non-governmental organizations. Finally, we engaged in in-depth, targeted discussions with over 200 members from the lowest economic category across 7 governorates to gain qualitative insight into the profile of poverty in the country.

With an overall estimated population of 5,850,000, Jordan has a poverty rate of 13.3%, amounting to approximately 778,050 individuals living below the poverty line, which corresponds to a per capita expenditure level of JD 680.¹ The rates of poverty in rural areas (21.4%) are nearly double that of urban areas (11.4%). However, with less than a fifth of the population residing in rural areas, the majority of those living below the poverty line reside in the major urban areas, particularly in the commercial hubs of Amman, Irbid, and Zarqa, which collectively account for 56% of the total population living in poverty. In addition to the population below the poverty line, a significant proportion of the population falls in the expenditure category just above the poverty line, corresponding to JD 680-1020 per capita. This segment of household is at high risk of falling under the poverty line and possibly crosses in and out of poverty frequently. Amongst rural households, over 43% of the population is either poor or vulnerable. Amongst urban households, over 28% of the population is either poor or vulnerable.

Households that live below the poverty line share common characteristics, some of which are consequences of being in poverty and some of which are risk factors that further exacerbate the households' exposure to poverty. The HEIS and DHS datasets were used to identify indicators that are most significantly associated with poverty. Large numbers of children, low levels of education, unemployment, and non-Jordanian nationality are all associated with increased probability of being in poverty, according to the HEIS data. The DHS dataset, meanwhile, highlighted the importance of female participation in the workforce, female education levels, and the total fertility rate among women in predicting the likelihood of poverty.

The datasets also provided insight into the factors that help raise households out of poverty, which is defined as a per capita income increase that sufficiently covers expenditures and allows households to either save or invest in a sustained manner. The factors that significantly affect a household's income are a) number of children; b) age of the head of household; c) education levels; d) location; and e) the head of household's economic activity. The per capita income of families with less than 5 children is 50% higher compared to household with 5 children or more, and higher levels of education yield higher per capita incomes. Similarly, engagement in skill-intensive economic sectors, such

¹ All figures as of 2008 data (Department of Statistics, Ministry of Planning and International Cooperation).

as finance and business, is associated with a higher per capita income, though these sectors have the lowest levels of participation among the population below the poverty line.

Following the analysis of these datasets, coupled with thorough document review and focus group discussions, we identified a typology of poor households in Jordan to aid policy-making. This typology can be broken into four broad, though not mutually exclusive, categories: a) households with no source of income/without employable or economically active members; b) households with insufficient incomes; c) households with high family expenses; and d) households with social and cultural norms that increase the risk of poverty. These household characteristics should guide the portfolio of interventions and how they should be implemented and differentiated to reach the poor effectively.

The poverty reduction program recommended here hinges on a new operational model for outreach to target households below poverty, and also improve implementation of existing government programs and policies. This model is a Social Work Integrated Outreach Program that will enable the government to work directly with households living in poverty. Its overall objective is to bring a significant reduction in the number of households below the poverty line, as well as to provide to those households, a pathway for a sustained increase in net household income over the next 3 years (2012-2015).

The Social Work Integrated Outreach Program brings a number of innovations to poverty reduction programs. First, it builds on a rigorous typology of households in poverty, making it possible to tailor poverty reduction solutions to the specific needs of the households, and to make government programs much more responsive to the evolving needs of households. Second, it works with the household as the unit of analysis as opposed to individuals, making it possible to provide multiple solutions to get families out of poverty. Third, it attempts to resolve a long-standing challenge of on-the-ground implementation. By relying on well-trained social workers who work directly with households, it solves the “last-mile” connectivity problem of most government policies and programs, improving directly, the impact of existing policies.

While the Social Worker Program provides an overarching umbrella for implementation, the following section also includes policies to improve labor markets, employability, gender outcomes, reproductive health outcomes, and educational outcomes, drawing directly from the household typology in the section above. Many of these programs are not new; several have been already identified, and some implemented as well. We focus our discussion on gaps in the existing programs, as well as ways to improve targeting and direct implementation.

In the longer term, Jordan will need to transition to investing in sectors with jobs which match the aspirations of the Jordanian people while building regional competitiveness in new and emerging sectors. The sectors that Jordan needs to invest in will need to be not just high growth sectors (as is currently the case with investments in textiles and chemicals), but also high employment sectors. This can be done by focusing on specific service sectors that enable Jordan to become a competitive hub for the Middle East and North African region.

Further, challenges of sustainable development, especially in the aspects of sustainable water management, energy management, and dealing with the effects of climate change will become increasingly important. While all of these challenges are long-term, and affect the entire Jordanian economy and population, the poor will always be disproportionately affected by resource scarcity, and reduced earning capacities. It is therefore imperative for poverty reduction strategies to be grounded in the context of long-term sustainable development, so that poverty reduction is

integrated into long-term sustainable development strategies, and so that sustainable policies are implemented early to cushion the poor and increase their ability to deal with environmental challenges.

Introduction

The Ministry of Planning and International Cooperation and Ministry of Social Development have launched a joint initiative to develop a new National Poverty Reduction Strategy for Jordan building on the previous strategy, the National Agenda and the National Executive Program. This document serves as a background document to inform the National Poverty Reduction Strategy (NPRS). The objective of this document is to propose a targeted, time-bound, actionable, and results oriented program to alleviate poverty in Jordan, based on a sound analytical framework. It draws its information from the Household Expenditure and Income Survey 2008 (hereafter HEIS 2008), and from a wide range of policy documents (see Appendix A for full bibliography). In addition, we benefited from discussions with a range of policy makers, senior government officials, and leaders of non-governmental organizations. Finally, we relied on our most important audience, the population below the poverty line. We spoke to over 200 family members from the lowest economic category across 22 focus groups in 7 governorates. Their realities, hopes, and aspirations form the core of our policy recommendations section.

This document takes as its starting point the official definition of the absolute poverty line (expenditure of JD 680 per individual per year or JD 57 per individual per month, translating into JD 323 per household per month, all at constant prices). There are several conceptual and practical challenges that surround the estimation of the poverty line. These are outside the purview of this document.

This document is organized as follows: The first four sections assess the profile of poverty in Jordan, and identify characteristics associated with poverty and economic growth. The fifth section describes a typology of households in poverty. The subsequent section recommends policies and implementation programs to reduce poverty in Jordan. The final section describes an implementation matrix, summarizes the recommendations and next steps.

The Profile of the Poor in Jordan

Overall Numbers

Jordan has an overall estimated population of 5,850,000. Of the total individuals in the country, 13.3% of the population or 778,050 individuals are estimated to live below the absolute poverty line.² The rate of poverty in rural areas (21.4%) is almost double that of urban areas (11.4%) but the overall proportion of people living in rural areas (18.3%) is four times less than the proportion of people living in urban areas (81.7%). Consequently, the total number of individuals living in poverty in rural Jordan is approximately 230,000 and the total number of individuals living in poverty in urban Jordan is approximately 545,000. Most of the poor people in Jordan live in Amman, Irbid and Zarqa governorates, which together account for 56% of the total population living in poverty, or about 438,700 people. The highest rates of poverty are found in the governorates of Mafraq (31.9%), Ma'an (24.2%), Tafilah (21.2%), Jerash (20.3%), and Balqa (19.7%).

Figure 1: Poverty rates by governorate

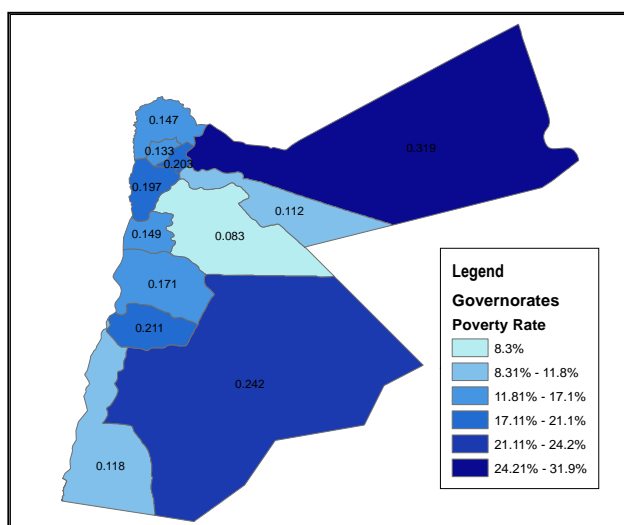
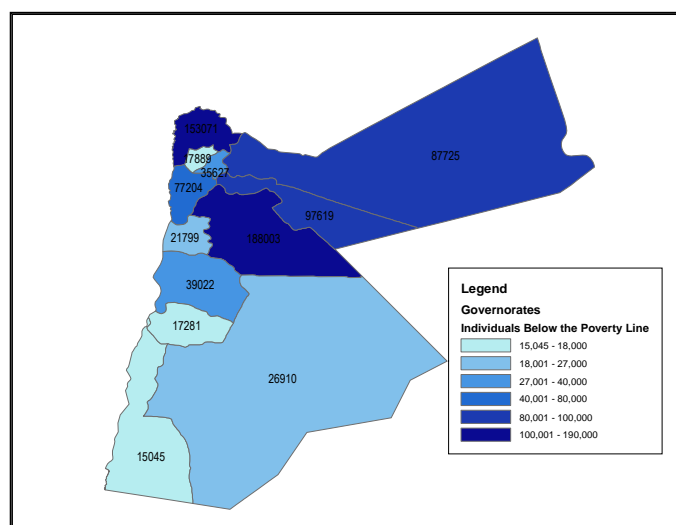


Figure 2: Absolute numbers of the poor by governorate



Households in poverty

The average household size in Jordan is 5.67 members. Consequently, there are over 98,000 households in Jordan that lived in poverty in 2008 or about 9.5% of the total households in the country. Of these, over 20,000 households are in Amman and Irbid each, while over 13,900 households are in Zarqa. There are about 71,200 urban households that live in poverty, of which over 17,800 are in the urban areas of Amman and Irbid each, while over 13,080 households are in Zarqa. There are 26,600 rural households that live in poverty, of which over 8,300 are in Mafraq, 3,000 are in Amman, 2,900 are in Irbid, while Balqa has over 2,000 households.

² All data as of 2008 (Department of Statistics, Ministry of Planning and International Cooperation).

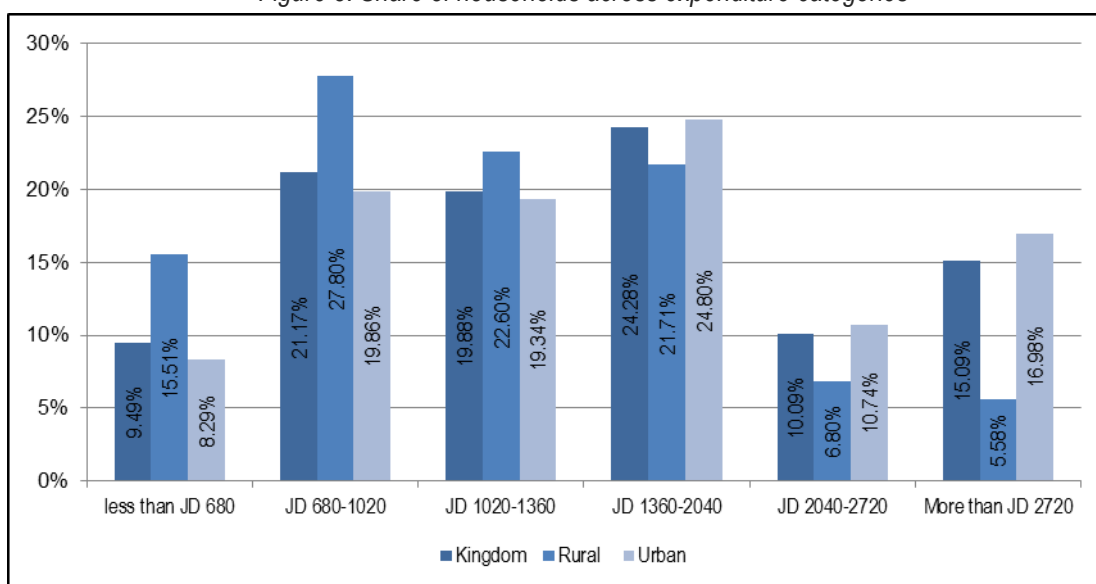
Table 1: Number and proportion of the poor in Jordan (national and by Governorate)

	KINGDOM	Ajlun	Amman	Aqaba	Balqa	Irbid	Jerash	Kerak	Ma'an	Madaba	Mafraq	Tafilah	Zarqa
Total population	5,850,000	134,500	2,265,100	127,500	391,900	1,041,300	175,500	228,200	111,200	146,300	275,000	81,900	871,600
% Total Population	100%	2.30%	38.72%	2.18%	6.70%	17.80%	3.00%	3.90%	1.90%	2.50%	4.70%	1.40%	14.90%
Approx. # of HH	1,034,212	21,184	423,938	21,825	69,191	172,287	30,725	38,327	17,935	25,894	42,197	13,746	156,960
% HH below poverty line	9.49%	10.12%	4.93%	8.34%	14.00%	12.02%	15.82%	12.65%	17.74%	10.16%	25.94%	18.37%	8.86%
Approx. # of HH below poverty line	98,147	2,144	20,900	1,820	9,687	20,709	4,861	4,848	3,182	2,631	10,946	2,525	13,907
% Individuals below poverty line	13.30%	13.30%	8.30%	11.80%	19.70%	14.70%	20.30%	17.10%	24.20%	14.90%	31.90%	21.10%	11.20%
Approx. # of individuals below poverty line	778,050	17,889	188,003	15,045	77,204	153,071	35,627	39,022	26,910	21,799	87,725	17,281	97,619
Urban/Rural Households													
% Urban	83.41%	75.69%	94.63%	89.13%	71.53%	82.40%	61.56%	35.66%	55.12%	75.35%	35.62%	71.49%	95.27%
Approx. # of Urban HH	862,636	16,035	401,172	19,452	49,493	141,964	18,914	13,667	9,886	19,511	15,031	9,827	149,536
% Urban Poor (among urban HH)	8.29%	6.69%	4.45%	3.56%	14.38%	12.54%	20.00%	19.02%	14.26%	10.94%	17.46%	17.74%	8.75%
Approx. # of Urban HH below poverty line	71,513	1,073	17,852	693	7,117	17,802	3,783	2,600	1,410	2,135	2,624	1,743	13,084
% Rural	16.59%	24.31%	5.37%	10.87%	28.47%	17.60%	38.44%	64.34%	44.88%	24.65%	64.38%	28.51%	4.73%
Approx. # of Rural HH	171,576	5,150	22,765	2,372	19,699	30,322	11,811	24,660	8,049	6,383	27,167	3,919	7,424
% Rural Poor (among rural HH)	15.51%	20.77%	13.24%	47.55%	13.03%	9.61%	9.12%	9.12%	22.00%	7.77%	30.63%	19.93%	10.93%
Approx. # of Rural HH below poverty line	26,611	1,070	3,014	1,128	2,567	2,914	1,077	2,249	1,771	496	8,321	781	811
Urban/Rural Individuals													
% Urban	81.72%	74.01%	93.60%	87.04%	69.79%	82.54%	62.67%	33.38%	51.20%	74.88%	33.23%	71.41%	94.82%
Approx. # of Urban	4,780,620	99,543	2,120,134	110,976	273,507	859,489	109,986	76,173	56,934	109,549	91,383	58,485	826,451
% Urban Poor (among urban individuals)	11.43%	8.36%	6.51%	4.59%	21.13%	15.66%	23.93%	23.94%	20.49%	15.68%	22.80%	21.62%	12.12%
Approx. # of Urban below poverty line	546,425	8,322	138,021	5,094	57,792	134,596	26,320	18,236	11,666	17,177	20,835	12,644	100,166
% Rural	18.28%	25.99%	6.40%	12.96%	30.21%	17.46%	37.33%	66.62%	48.80%	25.12%	66.77%	28.59%	5.18%
Approx. # of Rural	1,069,380	34,957	144,966	16,524	118,393	181,811	65,514	152,027	54,266	36,751	183,618	23,415	45,149
% Rural Poor (among rural individuals)	21.41%	27.31%	20.36%	60.48%	16.24%	13.30%	13.72%	14.23%	28.24%	11.95%	37.03%	25.68%	18.67%
Approx. # of Rural below poverty line	228,954	9,547	29,515	9,994	19,227	24,181	8,989	21,633	15,325	4,392	67,994	6,013	8,429

Poor and vulnerable households

The Household Expenditure and Income Survey 2008 breaks down households into six categories based on expenditure per capita. The bottom category captures the proportion of households with less than JD 680 per capita expenditures (corresponding to the poverty line). The second lowest category captures the proportion of households with JD 680-1020 expenditure per capita (corresponding to 1.5 times the poverty line). This segment of the households is at high risk of falling under the poverty line, and possibly crosses in and out of poverty frequently. For the purposes of this analysis, we refer to the population below JD 680 as “poor” and the population between JD 680-1020 as “vulnerable”. Together, the poor and vulnerable sections of the population form a significant share of Jordan’s population. Amongst rural households, over 43% of the population is either poor or vulnerable. Amongst urban households, over 28% of the population is either poor or vulnerable. Figure 3 shows the spread of households across expenditure categories. Over 30% of all Jordanian households are either poor or vulnerable. Lower expenditure categories are predominantly rural, while higher expenditure categories are predominantly urban.

Figure 3: Share of households across expenditure categories



The Governorates reflect this same pattern. Amongst rural households, the share of the population in the JD 680-1020 category is highest in Kerak (32%), Amman (31%), Madaba and Ma’an (30% each). The share of households that fall below 1020JD is the highest in Aqaba at 70%. Over 50% of rural households in Ajlun, Ma’an and Mafraq are below 1020JD, while in most of the other governorates, this proportion crosses a third of the total.

Amongst urban households, the share of the population in the JD 680-1020 category is highest in Mafraq, Zarqa, and Jerash (approximately 27%). The share of households below 1020 JD is highest in Jerash at 46%. In Kerak, Mafraq, and Tafilah these households make up over 40% of the population, while in Ajlun, Balqa, Irbid, Ma’an, and Zarqa, they make up over 30% of the population.

Poverty Risk Factors

Households that live below the poverty line share common characteristics. Some of these characteristics are consequences of being in poverty, while others are risk factors that further exacerbate the households' exposure to poverty. In order to design an effective poverty reduction strategy, it is necessary to identify the factors that significantly increase a household's chances of being poor, and then calculate the extent to which households are at risk of falling into poverty if those factors are present.

This is done by using two data sources- the Demographic and Health Survey (DHS) 2009, and the Household Expenditure and Income Survey (HEIS) 2008. The primary data source is the HEIS 2008. However, the DHS includes certain variables that are not part of the HEIS. Therefore, both datasets are used to identify the variables systematically associated with poverty.

Demographic and Health Survey 2009

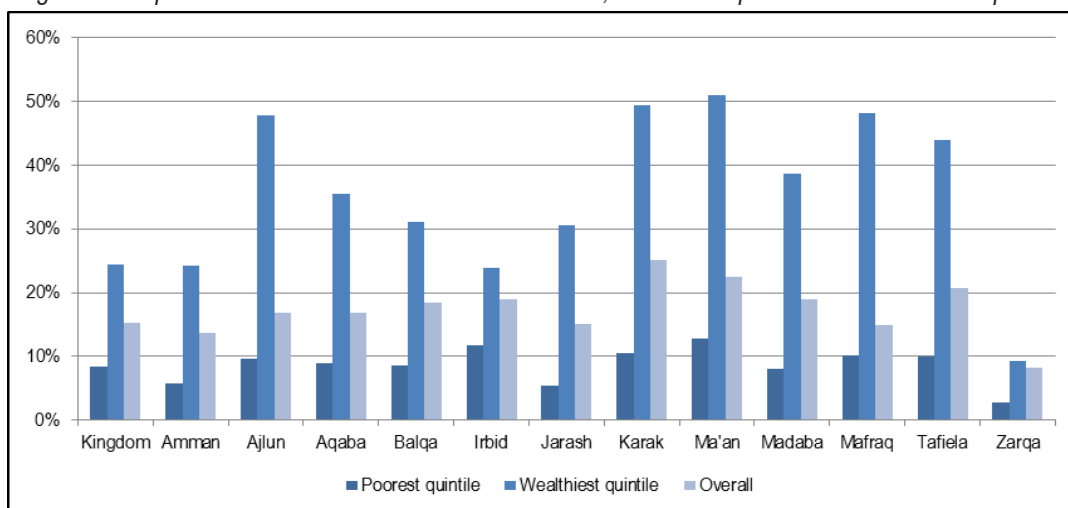
The Demographic and Health Survey targets ever-married women in the 15-49 years age group. The set of characteristics analyzed below are women's educational and employment status, fertility rates, and family planning decisions from the DHS. These relationships are summarized below.

Female Employment

The proportion of women in the work force among sample population is more than 2.5 times higher for the wealthiest quintile as compared to the poorest quintile. This pattern is true for the country as a whole as well as for individual governorates, with the greatest difference in women's employment between the top and bottom quintiles in the governorates of Ajlun, Kerak, and Ma'an (over 38 percentage points). The lowest female employment rates in the bottom quintile are in Zarqa (2.8%), Jerash (5.5%), and Amman (5.8%). The overall female employment rates across wealth quintiles are highest in Kerak (25%) and lowest in Zarqa (8%).

The average female participation rate in the labor force (women older than 15 years) for the Kingdom as a whole is 23%, less than half of the average for upper middle income countries (59%). It is similar, though only slightly lower than the average for the Arab region (26%).

Figure 4: Proportion of women in the labor force overall, and for the poorest and wealthiest quintiles

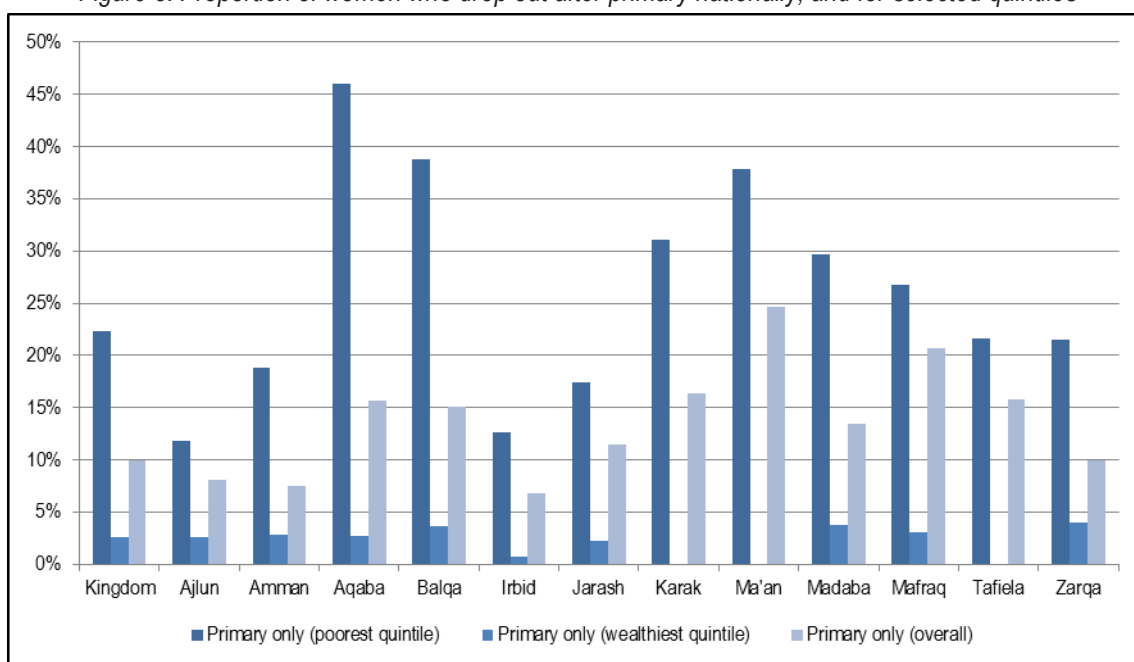


Women's Education

Educational levels amongst women are fairly high. The majority of women complete primary and secondary schooling, but there are stark differences in educational outcomes between women in the poorest and wealthiest quintiles, and those overall at the post secondary level.

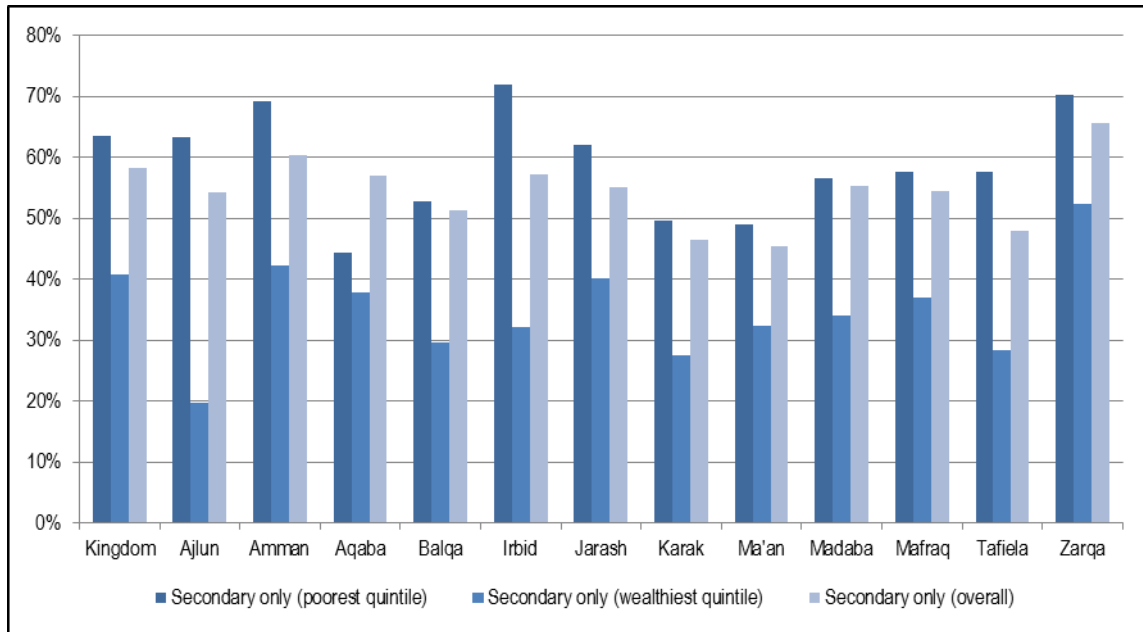
Nationally, the proportion of women that drop out of school after completing only primary is 10% (see Figure 5). The share of women in the poorest quintile who drop out after primary is more than double (22%). In comparison, only 2.6% of those in the wealthiest quintile drop out. The disparity between the poorest quintile and the overall governorate average is highest in Aqaba, where over 46% of women in the poorest quintile fail to continue studying as compared to the overall rate of 16%. Balqa follows closely where over 39% of the women in the poorest quintile have only a primary degree as compared to the governorate average of 15%.

Figure 5: Proportion of women who drop out after primary nationally, and for selected quintiles



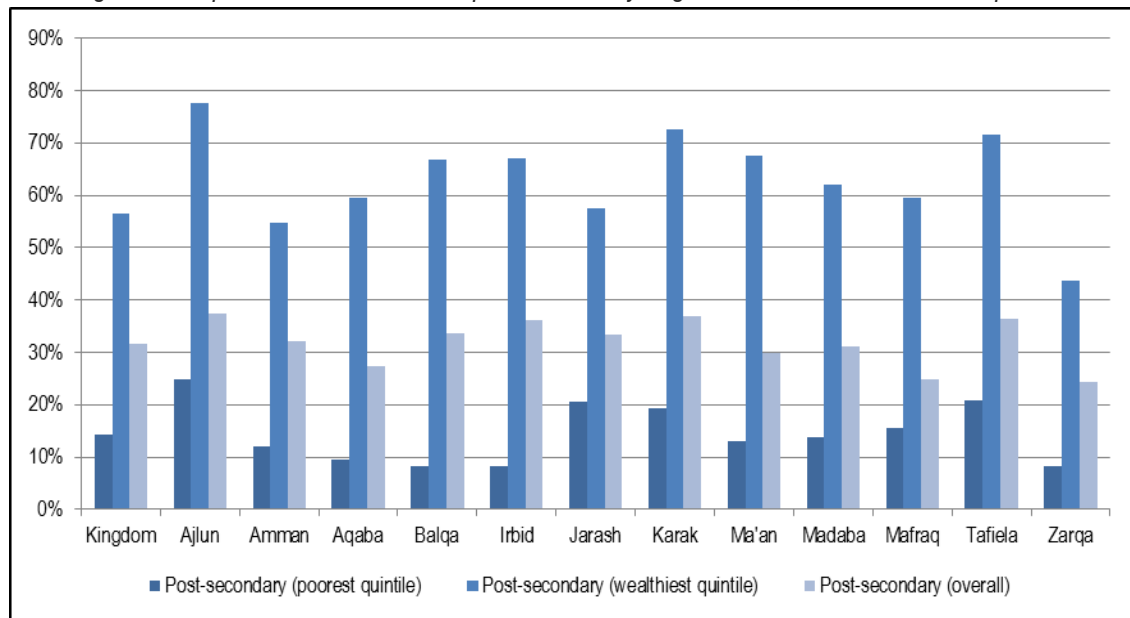
At the secondary level, the disparity between women in the poorest quintile and the average of the governorate is less stark (see Figure 6). Nationwide over 58% stop studying after completing secondary education; amongst women in the poorest quintile, this figure is 63%. The governorates with the highest proportion of women with only a secondary education are Irbid (72%), Zarqa (70%), and Amman (69%). The only governorate where the proportion of women with only a secondary degree is higher in the general population (54%) than in the poorest quintile (44%) is Aqaba –this reflects the very high rates of drop outs after the primary level.

Figure 6: Proportion of women who drop out after secondary overall, and for selected quintiles



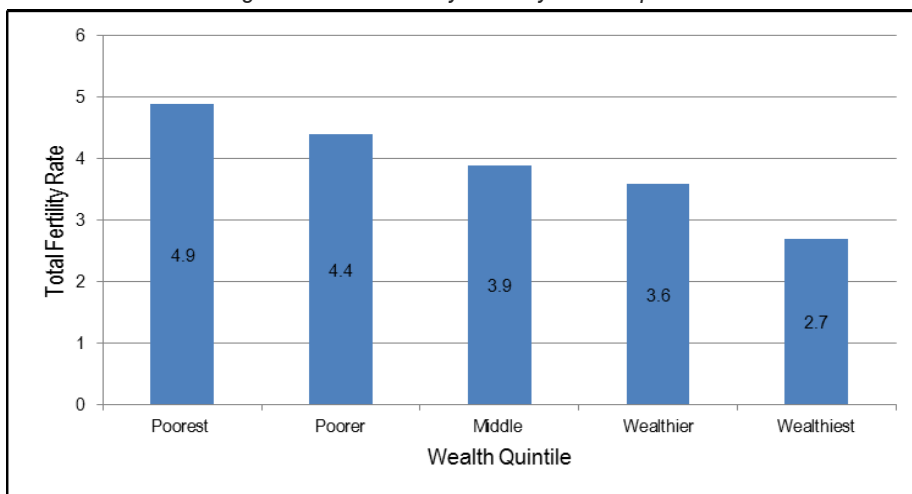
The largest disparity in educational outcomes is apparent in the levels of post-secondary education (see Figure 7). Overall in the Kingdom, over 30% of women complete post-secondary education. Over 56% women in the wealthiest quintile complete post-secondary education. For women amongst the poorest quintile, this rate is 14%. The difference is highest in Irbid where only 8% women in the poorest quintile complete a post-secondary education as compared to 36% of the overall population. Other governorates with a significant disparity are Balqa (25 percentage points difference), Amman (20 percentage points difference) and Aqaba (18 percentage points difference).

Figure 7: Proportion of women with a post-secondary degree overall, and for selected quintiles



High fertility rates among poor households limit parents' ability to invest in the health and education of each child. At the national level, high fertility rates and population growth rates mean that public expenditure is spread across more people, making it harder to deliver quality public education, for example. Moreover, the natural resource constraints that Jordan faces, particularly with regards to water, will be made more acute as the population rises. The fertility rate in Jordan is high across wealth quintiles. The national total fertility rate is 3.8 births per woman (high above the replacement rate of 2, which would keep the population stable), and is high in both rural and urban areas (fertility rates of 4.0 and 3.8, respectively). However, there is significant difference between the wealth quintiles, with the poorest having the highest total fertility rate, at 4.9 births per woman (see Figure 8). The wealthiest quintile has a fertility rate of 2.7, the lowest of the quintiles. The central governorates of Madaba and Amman have the lowest fertility rates at 3.6 and 3.7, but they are still high overall.

Figure 8: Total Fertility Rate by wealth quintile



Other variables show much less variation between wealth quintiles. For example, modern contraceptive use is uniformly low at 40%, and ranges from 24% (poorest quintile in Ma'an) to 54% (wealthiest quintile in Aqaba). Apart from Aqaba and Zarqa, modern contraceptive use even amongst the wealthiest quintile doesn't cross 50% in any of the other governorates. Similarly, the average age of first marriage is relatively independent of wealth quintile. It ranges between 20.7 years (poorest quintile) and 21.4 years (wealthiest quintile).

The Demographic and Health Survey, therefore, gives us three risk factors associated with poverty- low levels of female employment, low levels of women completing post-secondary education (and conversely, high drop-out rates for women after primary education), and high fertility rates.

The subsequent analysis focuses on the Household Expenditure and Income Survey. Unlike the Demographic and Health Survey, the HEIS publishes expenditure and income information, and together with information on household size, location, nationality, occupation, education, and marital status, it lends itself to a more detailed analysis to identify the factors that are systematically associated with incomes below the poverty line.

Household Income and Expenditure Survey 2008

Methodology

The subsequent analysis uses HEIS 2008 in two steps: first, we identify the factors that are significantly correlated with a household's probability of being below the poverty line by running a series of regressions under various assumptions and specifications. We then calculate the extent to which these factors increase a household's risk of being in poverty by calculating the relative risk for each factor.

The dependent variable in the regressions is the probability of a household being below the poverty line. Since this is a binary variable, probit regressions were run for the data on a national level, for urban and rural populations, and for the governorates separately. Regressions were run both to estimate the probability of a household being below the poverty line ("poor" households), and to estimate the probability of a household falling below JD 1020 expenditure per capita category ("vulnerable" households).

The probit regressions included geographic variables (urban vs rural, controls for each governorate), demographic variables (number of children, age of the head of household, marital status of the head of the household, and gender and nationality of the head of the household), social variables (level of education of the head of the household), and economic variables (economic activity of the head of the household). The regression specifications were then modified to eliminate the variables that were consistently insignificant in the analyses. Following the probit analysis, the relative risk was calculated for each of the significant variables. Relative risk (RR) represents the increased/decreased risk of being in poverty for a household with the characteristic in question as compared to a household without that characteristic. In other words, it quantifies the risk of being poor for each household characteristic in the model.

Findings

The following variables emerged as risk factors that are significantly associated with a higher likelihood of a household being poor: having more than 5 children; being of non-Jordanian nationality; and having less than complete secondary (or tertiary) education. In addition, having a head of household that is married rather than single or widowed was systematically associated with higher poverty rates. Finally, living in Amman is associated with lower risk of poverty (relative to all governorates other than Zarqa or Mafraq), while living in Mafraq was associated with a higher risk of poverty.

Table 4: Probit regression results for households below the poverty line (n = 10,814)

Below Poverty Line	Coefficient	Standard Error	p-value
Rural	0.0033	0.0072	0.647
Non-Jordanian**	0.0654	0.0315	0.038
5+ Children***	0.2195	0.0156	0.000
<i>Education Level (Base: Post-secondary)</i>			
Primary***	0.1073	0.0085	0.000
Secondary***	0.0395	0.0061	0.000
Amman (Base: other 9 governorates)***	-0.0519	0.0076	0.000
Zarqa (Base: other 9 governorates)**	-0.0201	0.0094	0.033
Mafraq (Base: other 9 governorates)***	0.0562	0.0147	0.000
Unemployed**	0.0330	0.0168	0.050
Not in the Labor Force	0.0086	0.0072	0.231
<i>Marital Status (Base: Single)</i>			
Married***	0.0506	0.0099	0.000
Divorced	0.0483	0.0378	0.201
Widowed	0.0030	0.0102	0.772

* Significant at a 90% confidence level, ** significant at a 95% confidence level, *** significant at a 99% confidence level

Table 5: Relative risk table of all variables significant at a 95% confidence level or higher

Below Poverty Line	Relative Risk
5+ Children	4.25
<i>Education Level (Base: Post-Secondary)</i>	
Primary	4.82
Secondary	2.57
Non-Jordanian	1.82
Amman (Base: other 9 governorates)	0.49
Zarqa (Base: other 9 governorates)	0.77
Mafraq (Base: other 9 governorates)	1.54
Unemployed	1.34
<i>Marital Status (Base: Single)</i>	
Married	2.85

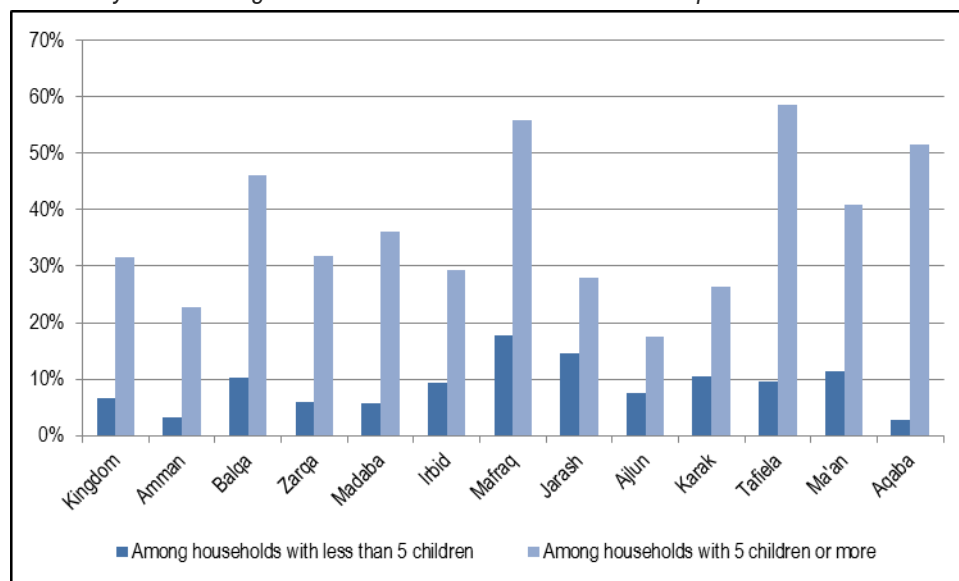
The relative risk was calculated for each of the significant variables from the probit analysis. It captures the extent to which families that display these variables are at risk of being poor as compared to those that don't display these characteristics. Based on this analysis the following risk factors emerged as significant:

Number of children

Families with five children or more are 4.2 times more at risk of being poor as compared to families with four children or less. The difference in poverty rates is highest in Tafiela and Aqaba, followed by Balqa, Mafraq, Madaba, and Ma'an.

The correlation between high fertility rates and high levels of poverty seen in the previous section is consistent with this finding. This analysis shows the extent to which a higher number of children increase a household's risk of being poor.

Figure 9: Poverty rates among households with 5 children or more compared to those with 4 children or less

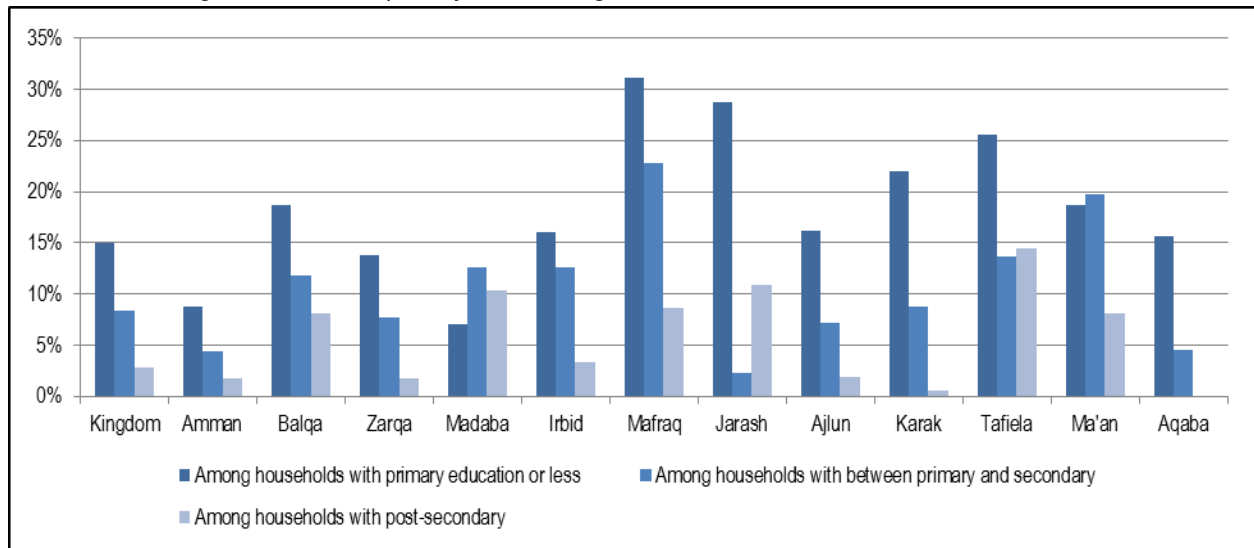


Education levels

Families where the head of the household has only a primary level of education or less are 4.8 times more at risk of being poor as compared to families where the head of the household has a post-secondary education. Families where the head of the household has a secondary level of education are 2.6 times more at risk of being poor as compared to families where the head has a post-secondary education.

A similar pattern can be seen in the DHS results for women’s education, where women from the poorest quintile have the lowest post-secondary completion rates and the highest rates of drop-out after completing primary.

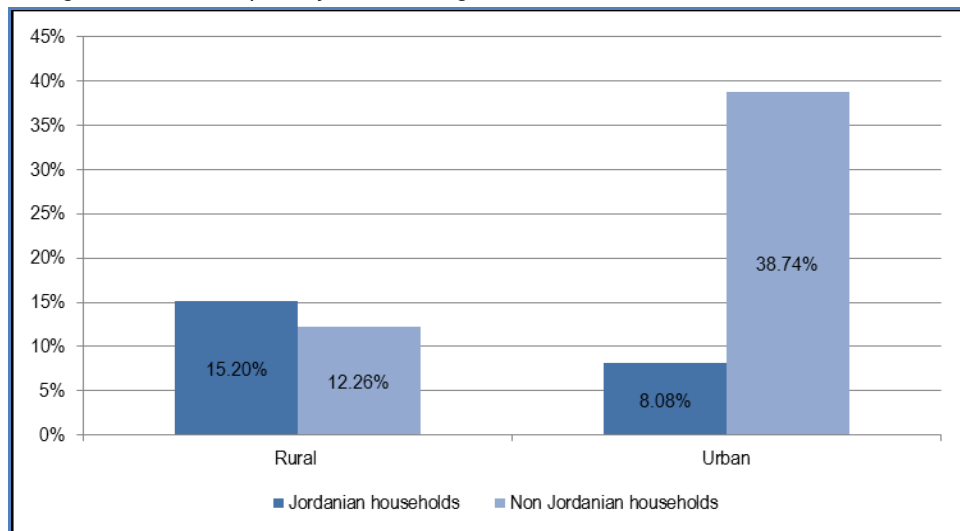
Figure 10: Relative poverty rates among households with different levels of education



Nationality

Families where the head of the household is non-Jordanian are at almost twice the risk (1.8 times) of being poor as compared to those households that are Jordanian. As the graph below shows, this is an urban phenomenon.

Figure 11: Relative poverty rates amongst Jordanian and non-Jordanian households



Geographic location

Estimating the association between governorates and poverty reveals that households living in Amman and Zarqa are systematically at lower risk of being poor, families in Mafraq are systematically more at risk of being poor, and families in all the other governorates are at roughly the same risk. (Note that this is after controlling for the other variables considered in the analysis). Families living in Mafraq are 1.5 times at greater risk of being in poverty than those living in other parts of the country, while families living in Amman are only half at risk of being in poverty compared to other areas. Many economic and demographic variables specific to the governorates are already accounted for in the analysis (such as occupation, education, number of children etc.). Relative to other governorates, therefore, Mafraq has specific conditions that lead to a higher risk of poverty for families living there; while living in Amman and Zarqa lowers this risk for its residents.

Occupation

Families where the head of the household is unemployed are 1.3 times more at risk of being poor compared to families where the head of the household is employed. None of the occupations of the heads of the households identified in the HEIS 2008 are significantly associated with being poor, after controlling for the other factors in the analysis

Economic Productivity Factors

Methodology

The previous section identified risk factors that keep households in poverty. This section looks at factors that help households get out of poverty. Households exit poverty when their incomes rise sufficiently to cover their expenditures and allow them to either save or invest in a sustained manner. On the income side, this happens either through wage increases, employment in higher-wage sectors, or through rents or profits generated through their own investments. On the expenditure side, the minimum expenditure needed to sustain a basic standard of living is defined by the poverty line. Incomes that rise to cover the poverty line expenditure per capita nominally shifts the household from a poor to non-poor category, but the household remains vulnerable to external shocks or income fluctuations that can swing the household back into poverty unless the household has a buffer either in terms of own-savings or a social security system that allows it to withstand short-term financial difficulties.

This section focuses on identifying the common characteristics that link households with rising per capita incomes. Factors that are significantly correlated with rising per capita incomes are identified by running ordinary least-squared regressions with the dependent variable defined as the log of the household's income per capita. The independent variables that are included in the analysis include geographic variables (rural vs urban, governorates), demographic variables (age, gender and nationality of head of the households, number of children), social (education status of head of the household), and economic (occupation of head of the household).

Findings

The factors that were significantly correlated with increases in per capita income (adjusted for price differences across governorates) are described below. Not surprisingly, many of them are inverse of the poverty risk factors-many of the characteristics that keep a family poor are also those that prevent it from exiting poverty.

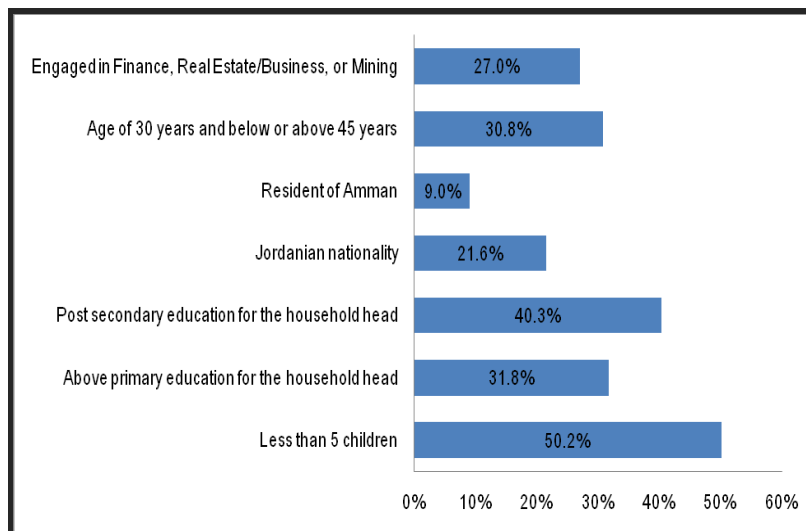
Table 6: OLS regression results for determinants of income per capita, adjusted for CPI (n = 10,814; R-squared: 0.314)

Log of Income	Coefficient	Standard Error	p-value
Urban	0.0126	0.0227	0.579
Non-Jordanian***	-0.2455	0.067	0.000
5+ Children***	-0.5009	0.02	0.000
<i>Age of Head of Household (Base: 41-45 years)</i>			
30 or under***	0.1552	0.0258	0.000
31-35**	0.059	0.0254	0.020
36-40	0.0066	0.0234	0.777
46-50***	0.1903	0.0271	0.000
51-55***	0.3081	0.0302	0.000
56-60***	0.4543	0.0298	0.000
61 or older***	0.6888	0.0273	0.000
<i>Education Level (Base: Primary)</i>			
Secondary***	0.2221	0.0175	0.000
Post-secondary***	0.5712	0.0227	0.000
Amman***	0.1284	0.0216	0.000
Zarqa**	-0.0599	0.0277	0.031
Unemployed***	-0.291	0.0307	0.000
Not in Labor Force***	-0.171	0.0208	0.000
<i>Marital Status (Base: Married)</i>			
Single***	0.5209	0.0498	0.000
Divorced**	0.2104	0.0845	0.013
Widowed***	0.1646	0.0264	0.000
(Constant)	7.1372	0.0386	0.000

* Significant at a 90% confidence level, ** significant at a 95% confidence level, *** significant at a 99% confidence level

The factors that significantly affect a household's income per person are a) number of children; b) age of the head of household; c) education levels of the head of the household; d) location; e) whether the head of the household is employed. The section below examines the relationship between income and each of these characteristics.

Figure 12: Estimated income increases associated with household characteristics



Number of children

The per capita incomes of households with less than 5 children are 50% higher as compared to households that have 5 children or more. The mean income of households surveyed in HEIS 2008 where the number of children was less than five was 1638 JD, while that of households with 5 children or more was 727 JD (not controlling for other factors).

Education level

The per capita incomes of households where the head has a secondary education are 32% higher as compared to those where the heads have only a primary education. The per capita incomes of households where the head has a post-secondary education are 40% higher compared to those with only a primary education.

The average per capita income amongst households (across all income categories) where the head of the household has a secondary education was 1640 JD, while the mean per capita income of households where the head has a post-secondary education was 2159 JD.

Resident of Amman

The per capita incomes of households living in Amman governorate are 9% higher than those living elsewhere. Within Amman, families living in urban areas have per capita incomes that are 15% higher than those in rural Amman areas.

Age

The per capita incomes of households where the head is below 30 years or above 45 years are 30% higher than those where the age of the head of the household is between 31-45 years. In the case where the age of the head of the household is above 45 years, the higher incomes indicate professional seniority and career progression. In the case where the age of the household head is below 30 years, this result indicates the effect of smaller families (in the case of younger heads of households) on per capita incomes, relative to those between 31-45 years. Since the regression specifications

above don't capture the income effects of each additional child (till the threshold of 5 children), this effect is captured by the age of the head of the household.

Engaged in top sectors

Heads of households below the poverty line work disproportionately in agriculture/forestry, manufacturing, construction, community/social, or are unemployed or not in the labor force. The economic sectors that yielded the greatest incomes are mining/quarrying (707 JD), financial (958JD), and real estate/business (815 JD). However, these are also the sectors that employ the smallest proportion of the labor force from below the poverty line.

Figure 13: Share of heads of households below the poverty line across different professions

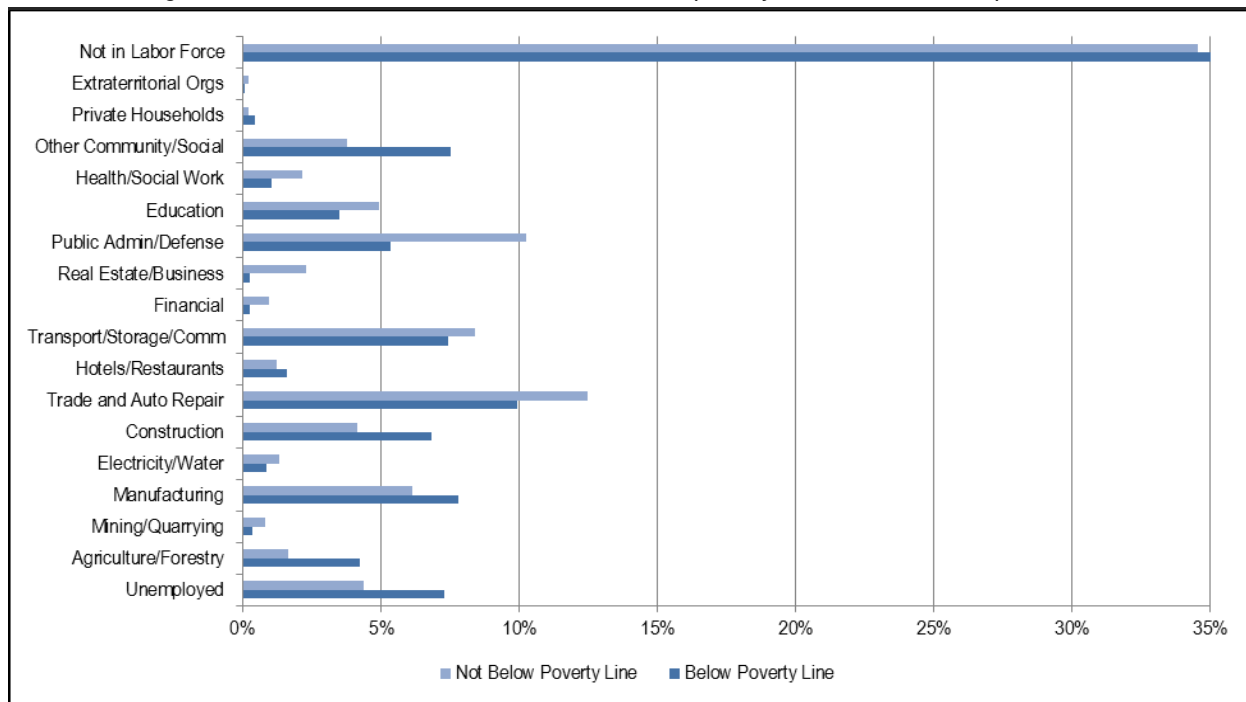
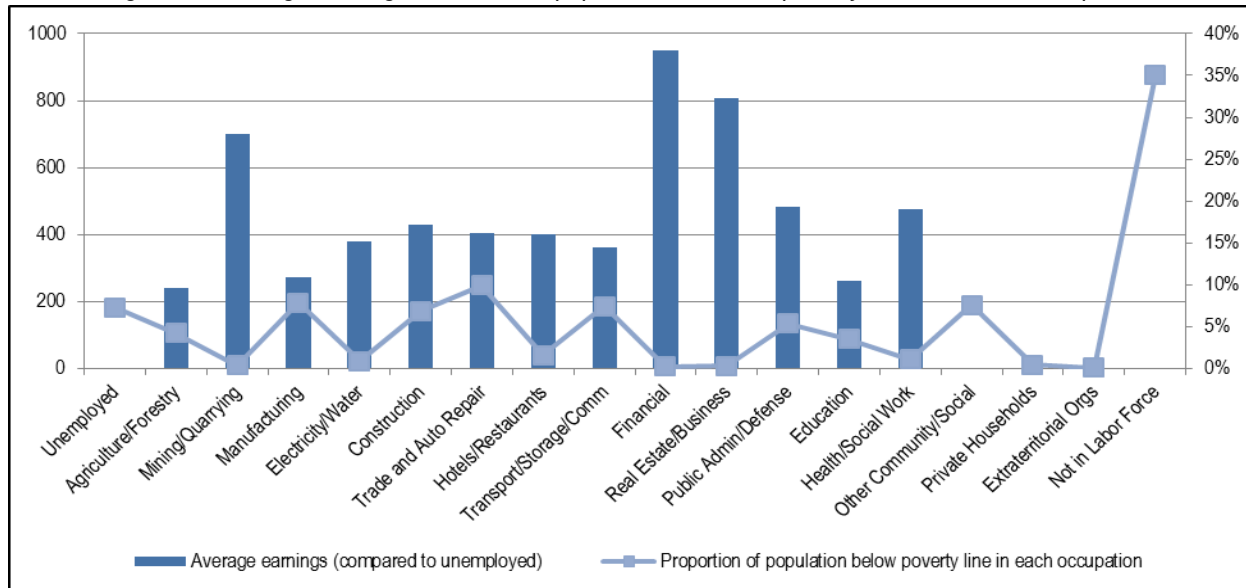


Figure 14: Average earnings and share of population below the poverty line in different occupations



Qualitative Results from Focus Group Discussions

Our team interviewed 266 respondents across 6 governorates between July and November 2011.³ 34 percent of the respondents were men while 66 percent were women. 52% of the total respondents were from rural areas, while 48% were from urban centers, mainly Amman, Aqaba, Irbid, and Zarqa. 30 percent of the respondents were women from rural areas, while 40 percent were women from urban areas. Nearly a quarter of the respondents were rural men, while 10 percent were urban men.

Profile:

Seventeen percent of the respondents were between 18-25 years, while 30 percent were between the ages of 26-40 years, and another 30 percent were over 40 years old. The majority of the respondents came from households that had greater than 5 members, and over 40 percent of the respondents had more than 5 children in the family. A majority of households had only one earning member. 12 percent of households earned less than 70 JD a month; in rural areas this was 8 percent as compared to 3 percent in urban areas. Over a fifth of the households reported incomes of between 70-200 JD a month, while 35 percent reported a household income of between 200-400JD a month. There were about 21 percent rural respondents that fell into this category, as compared to 12 percent urban households.

Educational qualifications:

Over half the people interviewed had only a secondary degree or less, while 12 percent had a diploma, 10 percent had a bachelor's degree and 7 percent had a masters or higher degree. Less than 3 percent of the men interviewed had an educational degree of masters or higher, while nearly 5 percent of women had a masters degree or higher. The largest difference was in rural areas; less than 3 percent of men had an educational degree above secondary, while over 16 percent of the women in rural areas had either a diploma or a bachelors or higher. In urban areas this gap was much lower, but over 5 percent of urban women had a diploma as compared to less than 1 percent of men. Overall, among the sample interviewed, almost a quarter had only a secondary or lower education level in both urban areas, but over nearly 21 percent of rural respondents had a diploma or higher, while the corresponding figure for urban areas was 9 percent.

Most respondents expressed a strong desire to either study further themselves or educate their children. However, over half identified the high cost of post-secondary education as the single greatest barrier to getting a higher degree. Nearly 15 percent of respondents identified children's education as the highest expense item in their monthly budget.

Employment:

Over 60 percent of the respondents interviewed were unemployed. The highest rates of unemployment were among urban men, followed closely by rural women. Less than 7 percent of those employed were in the public sector, while nearly 20 percent were self employed or in informal, contractual labor. Women respondents formed the largest proportion of the self-employed. A majority of respondents expressed a desire to work for the government or the military, but a large proportion was also willing to work in the private sector, provided the job is a permanent one. The demand for permanent

³ The Earth Institute team is grateful to the following persons for their support in organizing and hosting the focus group discussions: Dr. Sari Naser and Dr. Firyal Saleh from the Community Centers Association, Mrs. Hana Shaheen and Mr. Mohammad Al Zobi from the Noor Al Hussein Foundation, Dr. Sawsan Majali and Mr. Mohammad Ramadan from the Jordanian Hashemite Fund for Human Development, and Ms. Valentina Qusessieh and Mr. Ghaleb Al Qudah from the Jordan River Foundation.

jobs was especially strong amongst women respondents. Over 22 percent respondents identified “limited job opportunities” as the main reason for their unemployed status, while 15 percent identified inadequate educational qualifications, the system of “wasta” that required connections, and a lack of information about jobs. Inadequate education was also identified as a reason for not being able to get good jobs. 13 percent respondents in rural areas identified location as the main barrier to getting a good job, as compared to less than 3 percent in urban areas. Less than 10 percent of the respondents had heard of any government training or vocational program; less than 7 percent had actually joined such a program (typically IRADA or the National Employment Scheme), and less than 1 percent of those interviewed had actually got and retained a job after going through such a training program. Less than 1 percent of those interviewed had either heard of, or availed of, or got a job through similar programs organized by non governmental organizations. Over 11 percent of respondents, mainly women, were keen to start their own business; nearly all of them identified lack of access to capital as the main barrier to doing so.

Number of children

Despite large families, nearly half of all respondents, and nearly a third of all women expressed a desire for less than four children as the ideal number for a family. The desire for a larger family was more pronounced in urban areas. Almost all respondents identified economic reasons to wanting to limit their families. Among the women in particular, there was a strong sense that the deteriorating economic situation had made large families untenable, and in order to invest enough resources in their children, a smaller number was more appropriate. There were a few respondents who believed that the size of the family was irrelevant to economic conditions; one respondent identified religious reasons to have a large number of children. Almost all respondents agreed that modern contraceptives were both affordable, and easily accessible. Many women asked for counseling for their husbands, and argued that family planning efforts should be equally directed at husbands and wives. In many cases, while they theoretically agreed that a small family was desirable, they didn't expect to limit the family size until they had had a son. Many respondents thoughts that birth spacing was a more critical issue than the total number of children, and that there should be at least a two year gap between children for the mother's and child's health.

Attitude to women's work:

The willingness of women to work, and the attitudes of the male household members was much more liberal in rural as compared to urban areas. In several groups in rural areas (Jordan Valley, Mafrak etc.) most of the women were willing and eager to work, and were hampered by distances, and the lack of job opportunities in their immediate vicinity. In Amman there was much greater reluctance to work; most of the male and female respondents were unwilling for women to work because of cultural and religious reasons. The main requirements identified by women in order to work outside the home were: child care, flexibility, short working hours, an all-women environment, and close to home. Amongst the men, there were many who wanted their wives or sisters or daughters to work, especially in rural areas, but said that there were no opportunities for them. Most men identified teaching or government service as the most appropriate profession for the women in their homes.

Typology of Households in Poverty

Based on the analysis in the previous section, we categorize the households in poverty into the typology below. This typology is not exclusive; in most cases a typical household will display several of the characteristics identified below. But these characteristics are important in determining the portfolio of interventions and how they should be implemented to reach the poor effectively. While over 73% of households living in poverty are in urban settings, this typology is valid for both urban and rural settings, even though the policy response will be different for each area.

A. Households with no source of income/no employable or economically active members

This category comprises those households that have no members that can be independent income earners. Typically, such families would comprise widows, people with disabilities, orphans, or the elderly. While an exact estimate of such households is difficult to calculate, it is likely that such households form a relatively small proportion of the total households under poverty in Jordan. They would however, require significant support from the government to sustain themselves.

B. Households with insufficient income

This category comprises those households that have one or multiple earners but whose collective income is insufficient to meet basic needs. Most of the households under the poverty line fall under this category. Within this category, there are three further divisions:

B1. Households with at least one currently unemployed adult male

There are nearly 43,000 families below the poverty line where the head of the household is not currently employed. Of these nearly 8,600 are in Amman and Irbid each, while nearly 6,000 are in Mafrqa, and nearly 5,500 are in Zarqa. There are several more where there is at least one unemployed adult male. For such families, there is an immediate opportunity to increase the household income by generating employment for one (or more) unemployed adult males. The main challenge is to match the unemployed to appropriate jobs available. In addition, unemployed males of working age would be candidates for relevant training (and subsequent job matching) programs.

B2. Households with at least one educated but low skilled/uneducated adult

Among households in poverty, over 90% of heads of the households have an education that is secondary or below. This makes it harder for them to access high paid jobs, as well as to progress within the organizations where they work. They are therefore trapped in low-skilled, low-paying jobs, often competing with low-cost foreign labor. Nearly 37% of heads of households below the poverty line are engaged in such “elementary occupations”. Such households will require help to upgrade their skills, as well as support in setting up their own businesses, through better access to credit, and entrepreneurship training. The government of Jordan has several vocational programs underway, but a more systematic attempt is needed to create industry specific skills training programs.

B3. Households with at least one employable, but currently not working adult woman

Over 60% of all women in the poorest quintile complete secondary education and over 14% hold post-secondary degrees. Yet, only 15% of women in the lowest quintile are part of the labor force, and only 3% are employed in professional/managerial positions. There is an enormous opportunity to increase household incomes by creating an environment that is conducive for women to work, either in skilled jobs at home or in the private sector, either for an employer or as self-employed individuals.

C. Households with high family expenses

The average household below the poverty line spends 552 JD per capita and earns 568 JD per capita. In urban areas, families spend 558JD and earn 555 JD on average. In such cases, exceptional expense items often tip the family into indebtedness. Apart from routine expenses on food, tobacco, rent and utilities, there are two categories of households where expenses are significantly higher and that are, consequently, at greater risk of staying poor.

C1. Households with school or college going children

Families with school or college going children face expenses related to tuition fees, books, clothes, and in the case of university students, stipends, transportation, and other living costs. The abolition of school fees has helped families cope with the costs of sending children to school, and has increased enrollments. At the college level however, families spend between 100- 300 JD a month for fees and living expenses. Students who are in high school and/or reaching college age stand at a higher risk of remaining poor if they do not go on to complete secondary and college education. Interventions aimed at encouraging and supporting students from such families will enable the families to not just increase their disposable incomes but also decrease the probability of the families remaining in poverty in the future. There are an estimated 20,000 students from households below the poverty line that could benefit from such interventions.

C2. Households with family members that work away from home

Families where the earning members work away from their homes incur transportation and living expenses (50-150 JD per month) that in many cases are barely covered by their additional income. This creates a disincentive to either move or commute long distances for work. Policies to defray the poor's additional costs of travelling to work (through an organized and subsidized transportation system), or of moving for work (planned subsidized housing) or through mandating employers to share these additional costs, can encourage people to work in locations far from their home.

D. Households with social and cultural norms that increase the risk of poverty

This category of households is characterized by behavioral norms that make it harder for them to overcome the barriers to getting out of poverty. These social and cultural norms can shift, but typically change slowly, in concert for the community as a whole, and often require policy interventions that provide incentives for households and individuals to change their behavior. There are three types of household level behaviors that are particularly important in the case of Jordanian households.

D1. Households with large family sizes

Families with over 5 children face the greatest odds of being poor. The primary health system in Jordan allows for affordable and easy access to contraceptives; however less than 40% of Jordanian women actually use modern contraception. Interventions facilitating voluntary fertility reduction don't just reduce the probability of being poor; they also link to improvements in women's and children's health, ability of women to study further and work, improvements in total household income, and improved educational and health outcomes for children. Targeted extension of the complete suite of reproductive health services, advocacy and counseling programs to families below the poverty line will limit the highest risk factor that contributes to poverty.

D2. Households unwilling for women to work outside the house

The low female participation rate in the labor force among poor households is partially due to the paucity of appropriate jobs; and in many cases, due to a culture that disapproves of women working outside the house. There is a reluctance to work in environments that are not women-only; there are real challenges balancing child care and housework with an outside job; there are fears of safety and dignity in the workplace; and there are social norms for appropriate professions for women. Yet, with Jordan's relatively well qualified female population, there is an enormous opportunity to reduce

poverty by engaging women in the work force. Advocacy campaigns, counseling programs and policies that create a welcoming and safe environment for women are needed to overcome these challenges.

D3. Households with men unwilling to undertake low-skilled work

This category of households are those which include adult males in the working age, but who are unwilling to take up jobs that are available because the jobs are either seen as menial or unsuitable for them or not paying adequately. This “culture of shame” appears to be a reason for members of households below the poverty line to not actively seek employment even though they need the additional income. Targeted efforts to better understand this behavior and to offer solutions that help families overcome their reluctance are required through a combination of job matching, advocacy, and information campaigns.

Poverty Reduction Strategies

The government of Jordan has put in place a number of strategies and policies to address poverty issues in Jordan. Many of these policies (for example, the establishment and extension of the National Aid Fund, the efforts at increasing access to microfinance, the policies to extend vocation training etc.) have helped a large number of Jordanians improve their economic situation. The government's focus on public spending for health and education has already yielded results in the form of near universal school enrollment and coverage of primary health services. However, implementation has been slow and not always effective, and the challenge of poverty has persisted despite these efforts.

The previous analysis has shown that poverty in Jordan is strongly associated with risk factors at the household level. These risk factors – educational attainment, number of children, employment status (especially of women), and geographical location- are strongly associated to households remaining in poverty. The main unit of poverty in Jordan is the household which faces a combination, and often, multiple risk factors that keep it in poverty. Therefore, efforts to reduce poverty will require multiple interventions aimed at the household and addressing these many constraints in an integrated manner.

The poverty reduction program recommended here hinges on a new operational model for outreach to target households below poverty, and also improve implementation of existing government programs and policies. This model is an Integrated Social Work Program that will enable the government to work directly with households living in poverty. Its overall objective is to bring a significant reduction in the number of households below the poverty line, as well as to provide to those households, a pathway for a sustained increase in net household income over the next 3 years (2012-2015).

The Integrated Social Work Program brings a number of innovations to poverty reduction programs. First, it builds on a rigorous typology of households in poverty, making it possible to tailor poverty reduction solutions to the specific needs of the households, and to make government programs much more responsive to the evolving needs of households. Second, it works with the household as the unit of analysis as opposed to individuals, making it possible to provide multiple solutions to get families out of poverty. Third, it attempts to resolve a long-standing challenge of on-the-ground implementation. By relying on well-trained social workers who work directly with households, it solves the “last-mile” connectivity problem of most government policies and programs, improving directly, the impact of existing policies.

While the Integrated Social Work Program provides an overarching umbrella for implementation, it is not a panacea for poverty reduction. A number of policies to improve labor markets, employability, gender outcomes, reproductive health outcomes, and educational outcomes, are outlined below, drawing directly from the household typology in the section above. Many of these programs are not new; several have been already identified, and some implemented as well. We focus our discussion on gaps in the existing programs, as well as ways to improve targeting and direct implementation.

Annex A provides an overview of the entire set of recommendations in the following sector with suggested targets, and allocation of responsibility to provoke a discussion on next steps for implementation. Annex D provides sub-governorate poverty profiles from the HEIS 2008 to suggest starting points for targeting decisions.

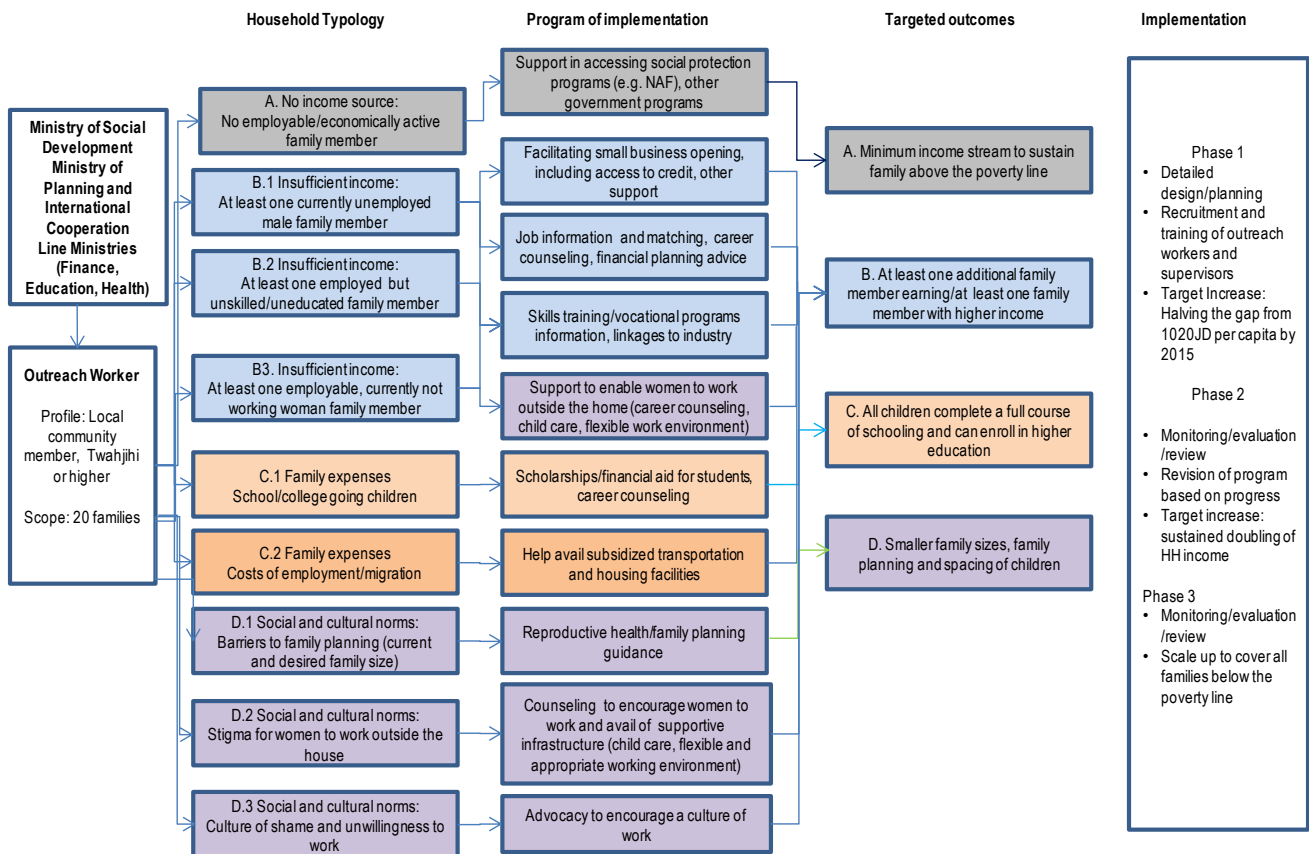
Integrated Social Work Program

A new center piece of the poverty reduction strategy is an “integrated social work program” that aims to build on the global and national successes of a social worker model program to attain four objectives: a) help destitute families receive government support through programs like the National Aid Fund ; b) support poor families in increasing household incomes; c) support families in managing expenditures that keep them in poverty, like educating their children beyond primary school; and d) and help change behavioral norms around reproductive choices, gender roles, and willingness to work

The use of extension workers in poverty reduction efforts in the developing country context has typically been for health and agriculture programs. In both these sectors, outcomes depend on behavioral change among individuals. In most cases, especially in the case of agriculture, there is an economic cost to changing agricultural practices, and therefore successful improvement in agricultural practice is often driven by word of mouth or preceded by visible results on neighbor’s plots. Further, in both health and agriculture, a change in outcomes is often with a lag, making it difficult to demonstrate success. Yet, extension worker programs have been extraordinarily successful around the world when designed carefully and backed by adequate training and enabling infrastructure and policy frameworks (see Annex B). In Jordan, the Integrating Health and Empowerment of Women in the South Region Project (IHEWP) run by the Ministry of Health from 2008-2011 showed an increase in contraception usage for families that received home visits from a trained health worker.

The Integrated Social Work Program proposed for Jordan is a variation of the traditional extension/social worker model because it combines several different components (employment support, family planning support, career counseling, and government services support) and targets behavioral change in multiple dimensions to achieve income increase and voluntary fertility reduction. The characteristics that define Jordan’s poor- attitude towards work, cultural barriers to women working, mismatch of job availability and expectations, high fertility rates and limited attainment of higher education - require solutions that combine behavioral change, improved information flows on job opportunities and government programs, and access to services. The social worker model excels at mitigating these challenges.

Figure 15: Social Worker Integrated Outreach Program: A Schematic



The components of such a program are described below:

Service Delivery

Target population

The program will target a cross-section of families below the poverty line that represent all of the categories identified in the typology above.

Case Load

Each worker will be responsible for 20 families. He or she will conduct 4 family visits a day, ensuring that each client family is visited one a week.

Job Description

At the start of the program, the worker will spend time with the family to define 3 year financial targets, educational outcomes, and fertility decisions. He or she will then work with the family to identify pathways to achieve those targets. These pathways will include:

- Linking families to available government programs (e.g. NAF and other social security schemes);
- Providing information about jobs;
- Career counseling;
- Support in preparing for jobs;
- Financial planning support and links to organizations that can help families start/run microenterprises;
- Identifying scholarships and financial aid programs for college students;
- Family planning support

The worker will establish a channel of communication with each member of the family and encourage joint discussions on each of these issues. In addition to the 4 daily family visits, the worker will also review background documentation, identify potential employers for client families, and establish links with other government programs to provide “last-mile access” for such programs. The workers will also maintain a peer group to discuss their work and identify best practices from amongst each other to help their client families.

Decision-Support

Based on household typography indicators, social workers will provide services to meet varying needs of households. Decision trees will be compiled and provided to guide social workers in treating multiple, overlapping issues simultaneously.

Workforce

Selection

The social worker will be hired from the local community where the target households are located. The worker will have a minimum educational qualification of a Twahjihi, and a desired qualification of an undergraduate degree. In addition, he or she will be given 4-5 months of rigorous training along all the aspects of the job (see below). The gender composition of the team of social workers will require careful thought. The integrated nature of the services makes it difficult to determine a priori whether men or women (or a male-female team) will work better to address all the needs of the household. In the first phase of the program, the social workers will be 50% men and 50% women, with scope for future calibration.

Supervisory Social Worker Staff:

Each project site (city) will require one coordinating office, responsible for all the social workers. The project office will link with individual line ministries (Health, Education, Finance) for specific programs and support. In addition to the frontline workers, the program will invest in supervisory social workers who will manage up to 10 frontline workers. The supervisory role is critical for the success of the program. The social workers will mentor the frontline workers; they will be trained to review the work of the frontline workers closely and to help them resolve challenges that emerge with the interaction with families. In addition, the social workers will access and manage a referral system that allows them to identify existing tools and programs within the Ministries that can respond to the specific requests and needs of the families. The social workers

will also be trained to identify those challenges that are not in the direct purview of the frontline workers, and to help them direct the families to the appropriate government departments and personnel.

Training and Retention

A detailed training and motivation program will be developed for the social workers that covers the following areas: information on existing government programs (e.g. NAF, eligibility and procedures); financial planning (budgeting, debt reduction, saving instruments) for the household; job related advice (career counseling, job training programs, skills matching, jobs availability, women's employment); access to credit; reproductive health services (child spacing, family planning); social psychology, and anti-tobacco campaigning. The training will be given at the start of the program with regular refresher courses. The social workers will also be given detailed instruction manuals, government program information etc. that will be updated regularly.

Deployment

Each outreach worker will work with approximately 20 families for a period of 3 years. The program will work with local community organizations to identify the families and establish a presence within the neighborhood. The program will be implemented in a phased manner (see Monitoring & Evaluation below) with the first phase covering 6,000 families across 3 cities, and finally expanding to 25,000 families after 2015. In its first phase it will target urban families below the poverty line and then expand to rural areas.

Information and Communication Technology (ICT)

The social worker program will utilize ICT to coordinate across the social workers, and to manage the information flows across program design, monitoring, workflow planning, and performance tracking. Mobile phone based programs can help the social workers to update progress for each family across multiple variables on a regular basis, making it relatively easy to gather and monitor information even as the program scales up. The experiences with ICT for health (mhealth) can be extended to this program as well.

Financials

Salary and Incentives

The social worker can be hired as a full-time employee of the government, or a contract worker or in partnership with local non-governmental organizations. He or she will be paid a base salary (for example, 200 JD a month) and will be entitled to incentive-based increments based on his or her success at the job. The incentives can be financial or in-kind (evaluations of social worker programs show that recognition and respect in the local community is a powerful incentive). The incentives will be designed using outcome based criteria, which will need to be carefully defined. An illustrative list of such criteria is as follows: a) client families are able to double net salary over a three year period; b) a previously unemployed family members hold on to their job for over a year; c) the families practice birth spacing with at least 2 years gap between children; d) at least one woman in the family is economically active, either working or self employed, bringing in additional income; e) at least one family member goes on to college.

Phased implementation and costs

The program will need to be implemented in phases- many of the elements described above are novel and have not been tried in Jordan before. An illustrative scale up path is described in Annex C.

Leadership and Governance

The program will aim to provide integrated services to each family and will be tailored for each family based on its specific circumstances. The program will be run jointly by the Ministry of Social Development and the Ministry of Planning and International Cooperation, and will draw on the resources and expertise of development partners in the country. The detailed structural design of the program will need to be carefully worked out in consultation with the relevant line Ministries to make sure that the social workers are adequately supported and that their work programs are properly implemented.

Community Engagement

The Social workers and extension staff will have intimate knowledge of the community, a nuanced understanding of community perspectives on education, gender issues, vocational issues and well-being and an awareness of community resources and strengths, such as supportive social practices and systems. Mechanisms for community engagement will be identified in the design phase of the program itself; these include collaborative community boards, joint committees etc. to help ensure local leadership, legitimacy, participation and governance. Forming partnerships with existing community-based organizations, non-government organizations, faith-based organizations, leaders and the private sector will also support the program.

Monitoring and Evaluation

Desired outcomes

The program will aim to achieve the outcomes described below. However, these are broad guidelines; detailed outcomes will be determined by the social worker in consultation with the families and the program managers.

- Increasing total family income (including from government programs) above JD 680 per capita to cross the poverty line. Targeted families already near the poverty line should aim to halve the gap between current incomes and JD 1020 per capita within 3 years.
- Planned families with at least 2 years spacing between children from the start of the program
- At least one woman member of the household is economically active, either employed or running her own business by 2013
- At least one previously unemployed household member is employed for 3 years continuously by 2015
- At least one household member completes/is in the process of completing a bachelor's degree or a vocational training program of his or her choice by 2015.

Measurement and evaluation

The program includes a robust M&E program to accurately measure outcomes and impact. It will begin with a detailed baseline study of the targeted families along the variables identified above. The workers will be required to update the family information database monthly to track changes in household income, educational and fertility outcomes. The database of client families will be shared with an external evaluator for annual reviews. Ex-post household surveys will also be conducted to measure long-term impact. In order to best measure the impact of the social work program, it is recommended that (for at least a subgroup among the poor population), that the program deployment be randomized at the household level. All poor households will be beneficiaries of the new social worker program, but the timing of the deployment of the program will be staggered in a random fashion. In collaboration with researchers at Columbia

University, this will allow for accurate measurement of the impact of the program, and which elements of the program are working better than others.

Concerns and Challenges

A social worker integrated outreach program will have several challenges:

- **Organizational structure:** Such a program requires coordination across many Ministries and several geographical units. Ownership of the whole program as well as its individual components needs to be clearly delineated so as to avoid confusion and overlapping mandates. Without this clarity, the program is in danger of falling between multiple government ministries and departments.
- **Social worker capacity:** This program has an extensive and diverse caseload for both the frontline worker, as well as the social worker supervisor, ranging from health to behavior change, to income generation to career counseling. The program will need to invest heavily in training, as well meticulous planning to support the social worker in carrying out the full range of activities.
- **Back- up system for the worker:** Despite the best planning, the social workers will face unexpected challenges in their day-to-day work. In most cases, these challenges will manifest themselves as unrealistic expectations from their client families, and will need to be managed while maintaining credibility and building a relationship of trust with the families. The social worker will need immediate back up support and mentoring to be able to manage these expectations and build a relationship with their clients.

Making the National Aid Fund Pro-Poor

Context and Rationale:

Our first specific policy recommendation targets those households with no viable source of income. The National Aid Fund (NAF) is the government's flagship social assistance program that provides recurrent cash assistance to vulnerable families with no alternate sources of income. It has five programs: cash payments to vulnerable families; emergency cash assistance in case of emergency; cash payments to the physically handicapped; physical rehabilitation support for the disabled; and vocational training programs. It is the largest social protection program of its kind in Jordan and as of 2010, supports 81,000 families annually.

The NAF direct cash assistance program is the biggest of its portfolio, accounting for over 90% of the total NAF budget. It is focused explicitly on families with either no source of income, or income less than 200JD per month. Other beneficiaries include families of orphans, widows, families with severely disabled individuals, families of prisoners, senior citizens, unemployed women above 18 years, divorced or abandoned women, Jordanian women married to non-Jordanian men, and families with members without a stable source of income. The payouts range from 40-60JD per person, with a maximum of 180JD per family per month. The program has mechanisms in place to reduce or stop the payments if family members start working, or if a family member is economically active but does not take up job offers. It also has elements of a conditional cash transfer, with payments linked to immunization, and completion of schooling. The emergency cash assistance and disability assistance programs reached about 8,000 families each, while the program for physical rehabilitation has reached approximately 500 families.

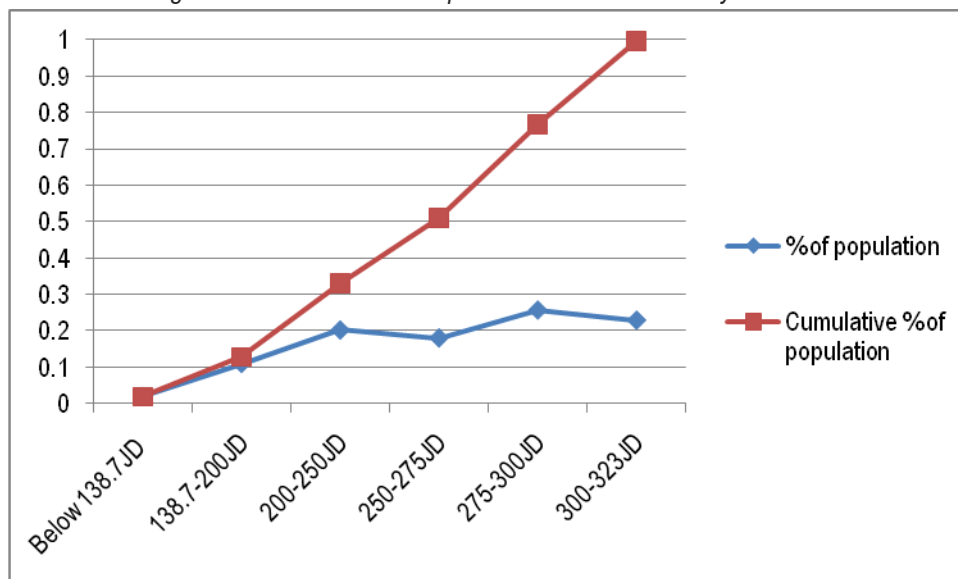
Despite its focus on the most vulnerable, the National Aid Fund does not target the poorest and most vulnerable sections of Jordanian society. As per data from HEIS 2008, of the total NAF beneficiaries, approximately 30% were from families below the poverty line. However, of the total households below the poverty line, only 15% of poor households receive NAF support. Yet, the scope of NAF is large enough to reach 100% of the population below the poverty line. It currently reaches over 80,000 families, while the total number of families below the poverty line in Jordan is approximately 100,000. But it only reaches a small fraction of these households. While NAF is providing valuable support to many families in Jordan, it is not reaching the poorest of the poor and is therefore currently not achieving its stated objectives of being a safety net to the poor. If it were reoriented towards the poor, it would be the most powerful and effective anti-poverty program in the Arab region.

The current program is under a strategic review, and the government is revising the criteria and eligibility norms. The following recommendations aim to inform the review process underway and to provide inputs to direct the reach of NAF amongst the poorest families in Jordan.

Target population

The population below the poverty line is skewed upwards; over 48% of families below the poverty line lie in the band between 275-323JD per family per month. 38% of families lie between 200-275JD per family per month, while 12.8% families spend below 200JD per month. Only 1.85% of families below the poverty line are classified as the abject poor, who spend less than 139JD per month (HEIS 2008).

Figure 16: Distribution of Population Below the Poverty Line



Policy Options:

Efforts to improve the targeting and reach of NAF are critical to attempts to reduce poverty. There are three possible policy directions to take:

- NAF can be redesigned to focus only on the extreme poor (12.8% of the population earning below 200JD a month as household income). In this case, a flat payment of 185JD to each of these families will bring them out of the poverty line. The rest of the funds going towards NAF can be redirected towards other poverty reduction programs.

- Based on current NAF allocations, it is theoretically possible to reallocate funds in a manner that all families receive funding that bridges the gap between their current expenditures and the poverty line. The mean monthly expenditure of a typical family below the poverty line is 258JD (authors calculations, HEIS 2008). The average distance from the poverty line (mean of 65JD per family per month) can be paid out to all families below the poverty line, and bring the entire country out of poverty, within the current budgetary allocation of NAF (authors calculations). However, this is practically difficult to implement and will create incentives to increase underreporting of expenditures.
- The final possibility is that the population is divided into 1-2 sub categories and flat payouts calculated to maximize impact and cover as many families below the poverty line as financially feasible.

Target population:

We recommend that the population eligible for NAF funding should be identified based on a simple income criterion:

- Tier one recipients: families a total household income of less than 200JD a month. This will cover 12.8% of all families below the poverty line, including families in abject poverty, and should be the first priority for NAF funding.
- Tier two recipients: families with a total household income of 200- 275JD a month and with priority given to families with no members who are either employable/in the labor force/economically active/in the working age group. This will cover 38.2% of families below the poverty line (HEIS 2008).

Payment amounts

The payment amount should be determined by a simple formula that seeks to provide the basic assistance needed to the most vulnerable. A practical approach would be to have flat payments linked to a family's distance from the poverty line. We recommend a flat payment of 150JD monthly to all tier one families (below 200JD a month expenditure levels). For families in abject poverty, this will raise family incomes up to 289JD a month (currently the upper half of families below the poverty line). For families with incomes of 200JD, this will raise incomes to over the poverty line. It is estimated that there are currently 13, 076 families below 200JD monthly expenditure levels, of which 1887 families are in abject poverty.

We also recommend a flat payment of 125JD to qualifying tier two families (200-275JD monthly expenditures). It is estimated that there are currently 39,352 families with monthly expenditures between 200-275JD. For families with expenditures of 200JD, this will bring them up to the poverty line. For families with expenditures of 275JD, it will bring them to 400JD a month.

This will raise incomes well above the poverty line, and cumulatively, will reach over 50% of families currently in poverty. The rationale for a flat amount is that such a payment will minimize leakages and reduce administrative overheads. Having tailored scales of payments tend to distort incentives and encourages recipients to modify their behavior to maximize payouts. Such a payment scheme could potentially cover up to 52,000 families below the poverty line and holding the other program components of NAF constant, would only imply a 5% increase in spending over 2010 levels.

Graduation from NAF

It is recommended that NAF eligibility is not tied to employment of household members as it is often seen as a disincentive to work. Families that have a household income (net of NAF) of over 323JD a month consistently for 2 years will cease to receive NAF funding. This can be done in a graduated manner to minimize disincentives to work, but will depend on the income levels rather than the job status of the family.

Conditional cash transfer component

The conditions currently in NAF linked to educational and health outcomes should be maintained; families that fail to meet these conditions for 2 quarters consecutively should be given warnings and then finally removed from the NAF target group.

Link to E-governance platform

All NAF and other government social protection programs should be administered through an online platform which can offer a coordinated delivery of services. It can also help NAF officials to track multiple transfers to the same household and identify the most vulnerable groups for coordinated delivery of other health, income, generating, and educational services. This system should also link with the social worker database.

Disability allowance

The NAF program component for disability support/physical rehabilitation should be combined into a disability allowance that provides an annual payment based on household income levels, and a capital grant for equipment (wheelchair, artificial limbs etc.) once every 3-5 years.

Comparison to existing reform efforts

The Ministry of Social Development is currently engaged in a program to reform NAF. The above recommendations are an attempt to outline clear principles of reform which would make NAF pro-poor and function primarily as a safety net for families below the poverty line based on publicly available information. They are meant as inputs into the ongoing reform process and focus on the need for simplification, transparency, and expenditure-based targeting for a maximum focus on reducing poverty amongst the most vulnerable sections of Jordanian society.

Labor Market Policies

The next section discusses policies to improve labor markets in Jordan. These cover policies to create jobs, to encourage people to work, to improve the skills levels of workers, and to encourage women to join the work force.

Much has been written about the unemployment and growth paradox in Jordan. The country has seen strong economic growth and consequently, 20,000 - 40,000 new jobs are created annually (reference World Bank 2006, ETF 2008). Yet over 60% of these new jobs are taken up by foreign labor. The number of foreign workers (estimated at above 350,000) far exceeds the Jordanian employed population (approximately 200,000). This situation is partially due to unmatched expectations between jobs that are available and jobs that Jordanians are willing to take up. The World Bank (2006) estimates that approximately 40% of the population is “voluntarily unemployed” as a consequence of this mismatch and can work if the incentives and conditions of work are altered. It is also partially due to a skills deficit relative to the demands of the available jobs. This is because despite overall high levels of educational quality, Jordanians are not receiving the appropriate training that can equip them for the jobs at hand. Finally, most new jobs are being created in the large urban centers of Amman, Irbid and Zarqa and at the current wage rates, are not able to attract labor from outside of these areas due to the high costs of transportation and living.

The policies recommended below target each of the problems described above: 1) a job information program to connect the unemployed to job opportunities; 2) policies to change behavioral norms towards work; 3) an expedited TVET reform process with a focus on the needs of the youth below the poverty line; 4) policies to reduce the barriers to intra-country migration and long-distance travel for work; and 5) policies to reduce the barriers to self-employment. Each of these is described below.

Over the long run, the sustainable path of out poverty will require employment opportunities in higher value sectors. This will require a shift from low-wage, labor intensive manual work (currently largely outsourced to foreign labor), towards sectors with higher skills and knowledge. Jordan’s relatively high education and skill levels make it an ideal economy for this transition. This long-term economic transition is discussed briefly in the final section of the report.

Job Information Program

The National Agenda outlined many of the objectives to increase the employment and improve the employability of Jordanians, which were further refined in the Strategic Plan of the Ministry of Labor (2007-2017). The overall objectives of the first Phase of the Strategic Plan were to enable the Jordanian economy to accommodate Jordanian manpower by attracting labor-intensive industry to absorb the bulk of the unemployed.

The Ministry of Labor has launched several attempts to support Jordanians in accessing and retaining jobs through programs such as the National Employment Exchange, the USAID-supported Economic Development Program (SABEQ), and through job fairs and individual outreach. These programs have had mixed results- while they provide useful services, it is not clear that they have helped reduce the unemployment rate significantly, especially amongst the poorest job seekers. Policy efforts so far have focused on collecting information on the unemployed (labor market databases, etc.) to connect them to potential employers. The main challenge has been the reluctance on the part of the job seeker to actively search for appropriate job options offered through these programs. Despite recent government efforts, there are relatively few structured ways of finding jobs; most people (63%) rely on in-person visits to work places, while 13% respond to advertisements, and another 12% rely on word of mouth and the help of family and friends. Less than 4% apply to labor

offices. The main reason for looking for new jobs was insufficient earnings (70%) of the population, while 16% of the population wanted to shift jobs because of poor working conditions.

To improve the uptake of jobs in urban areas, a targeted job information program is recommended which will shift focus from trying to make the unemployed behave differently to changing the information set that the unemployed receive. Such a program will focus on providing systematic, regular, updated, and localized information of public and private sector jobs available in different sectors as a first step to clear the domestic labor market. It will focus on high poverty/high unemployment/high economic activity areas, launching first in urban centers like Amman and Irbid. It will support existing job training efforts by the government by linking available job opportunities to the unemployed youth through a combination of a technology based dissemination mechanism, coordination with the private sector, and links with the National Employment Exchange.

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The job information program will have three overlapping components:

- **Technology based job information:** The program will compile and disseminate locally available jobs using technology (using a mobile phone based text service). The private sector can be contracted to design and roll out the technology component. Such services already exist in the private sector in the region. The text messaging service will provide job seekers with regular and up to date information about job openings in and around their area with sector details, skills requirements, and compensation packages. As a result, job seekers will receive detailed information about job opportunities without having to proactively visit offices or job fairs or companies.
- **Local centers for registration and application support:** The text messaging service will be backed by 1-2 local centers in each city where job seekers and employers can meet and where the actual recruitment can take place. Several such centers already exist, but barely 4% of job-seekers use their services. By linking into the updated job information portal, these centers can be more useful to job-seekers since they will be able to provide much more up-to-date and real-time information. The centers can also be outreach locations for existing government programs and support the job seekers with the applications process.
- **Public listing of all government job openings online:** All government job openings will be posted online, with a fully transparent selection process, including listing selection criteria, shortlists of candidates and final selections. There is a strong perception amongst the poor that a system of nepotism (wasta) determines all government appointments. Further, because government jobs are highly aspirational and sought after, the perception of wasta fuels dissatisfaction amongst the unemployed and often make them more reluctant to enter the job search process in general. To address these concerns, it should be mandatory for all job openings and recruitment processes within the government sector (Ministries, departments, councils, municipalities, others) to be made completely transparent. In the spirit of the Right to Information Law (2007), there should be a proactive effort on the part of the government to make public all steps of recruitment. This will help widen the pool of applications, as well as make it easier for candidates with the right qualifications to seek out a job.

The job information program will not by itself solve the unemployment challenge in Jordan. However it will reduce information asymmetry between the job seekers and employers, it will systematize the job search process, and by providing repeated job openings directly through mobile phones, it will reduce the inertia on the part of the job seekers to look for jobs. It will also make market rates, qualifications and job content information both available and make it comparable across jobs, allowing job seekers to better evaluate their options as well as their suitability for different jobs.

High level public campaign to encourage men to work

In 2009, approximately 180,000 Jordanians were unemployed. At the same time, Jordan is home to approximately 335,000 foreign workers. While exact numbers are difficult to estimate, foreign labor dominates in low-paying, low-skills jobs in the agriculture, manufacturing, social and personal services, and to a lesser extent in construction, and the hospitality sectors. The presence of the foreign workers is proof of job availability; however the unemployment rate indicates that Jordanians are either unable or unwilling to take up these jobs. The large presence of foreign labor also apparently lowers the social status of these jobs, especially for women. There appears to be a high level of dissatisfaction with the working conditions, perceived unfairness in treatment as compared to foreign labor, and an unwillingness to accept the lower wages offered to the same foreign labor. Although many of these grievances are based on perception, the unemployed youth appear unwilling to go out and look for jobs despite their economic hardship. It is however unclear what the exact reason for this reluctance is; and under what conditions Jordanians would be willing to take up the available jobs. The World Bank estimates that 40% of this “voluntarily unemployed” workforce will be willing to work if conditions and incentives are conducive.

The common policy response to this conundrum seems to be to focus on a structural shift of the economy from low-skills to high skills, high value jobs that Jordanians would be willing to do. While this is a good long-term policy response to the unemployment problem in general, over 58% of the unemployed today have an educational degree of secondary or less. This is also the group that coincides with high rates of poverty. This group of unemployed people is not equipped for higher-skilled jobs in the short term. They are, therefore, in direct competition with foreign labor for low-skilled jobs, which they are unwilling to take up. Short-term skilling courses and vocational courses can help, but it is unlikely that such courses will raise the skill levels of this group to the extent needed for higher skilled jobs. From a poverty-reduction standpoint, therefore, a serious effort needs to be made to find ways of encouraging Jordanians to accept some of the jobs currently being occupied by non-Jordanians. This would require a combination of advocacy, changes in working conditions and salaries, especially in the informal sector.

A high level national public campaign led by the government at the highest levels can begin a national discussion on the main reasons for the perceived reluctance to work, as well as encourage both the unemployed as well as the employers to find solutions that can help overcome this reluctance. The campaign should work with small businesses to determine ways of improving the working conditions in these enterprises and identify a clear set of action items to improve the working conditions and wages for low-skilled workers in Jordan, while at the same time creating incentives for Jordanians to accept such jobs.

Expedited reform of the vocational training programs

The Government has undertaken a series of reform measures to improve the quality of the employment, technical and vocational education and training (ETVET) system, stemming from the recommendations of the National Agenda. The new ETVET strategy focuses on the creation of an ETVET Council to administer the Training and Employment Fund, to establish a technical arm to support the work of the council, and to create a licensing and accreditation council. The reforms aim to improve the quality of the TVET systems and programmes, to improve coordination amongst the various

agencies responsible for employment and TVET in both the public and private sector, and to improve the linkages between general education and the TVET systems.

Vocational training is administered through the Ministry of Education, the Ministry of Higher Education, and the Ministry of Labor. Vocational training is offered by schools, both in the comprehensive secondary stream, and the applied secondary scheme, where it is run by the Vocational Training Corporation (VTC). In addition, the Ministry of Higher Education runs 50 community colleges that provide vocational and technical training to school graduates. Vocational training includes one-to-two year training programs for craftsmen and skilled workers, four month programs for limited skilled workers, and skills upgrading programs for skilled workers. The National Training and Employment Project (NTEP) is another program that focuses on providing training to young job seekers in collaboration with the Jordanian Armed Forces, private companies, TVET Fund, and other vocational institutions. Further, private sector partnerships have been established recently to support the development of model centers that implement vocational training best practices consistent with the national E-TVET Reform Strategy.

The majority of young people from households below the poverty line have been unable to benefit substantially from the current vocational programs on offer. This paper will not attempt to reiterate or review all of the current reform efforts; they are timely and necessary to improve the quality and coordination of the vocational training system in the country. Ongoing reform efforts that seek to support the youth from families below the poverty line must focus on the following:

Making young people employable:

- Facilitate completion of secondary school: Evidence from vocational programs show that the increases in income are significant in cases where the student has completed a full course of secondary education (Schliecher 2006, Chei and Chung 2009). There is also little evidence to show that the absence of vocational streams in secondary schools increases the drop-out rates of students (World Bank 2007). In many emerging market economies, the preference for general school education over vocational programs has also been growing in response to the differences in long-term earning capacities, but also because of the quality of the programs, the limited career choices that follow vocational courses, and the inability of students at that age to make informed choices of specialization. Within Jordan, the proportion of households that are below the poverty line where the head of the household has a secondary degree or less is 8% while the proportion with a post-secondary degree is less than 3%. To the extent possible, vocational courses should follow a complete course of schooling to have the maximum impact on poverty reduction.
- Integrate employability skills in last 2 years of school: At the same time, the school level curriculum can include instruction on basic skills necessary to make people employable. These include language proficiency, computer application, analytical and problem solving skills, inter-personal skills, presentation and etiquette skills, basic management and accounting skills and standards of professionalism, ability to manage a work environment, and orientation towards customer service. These skills are useful across most professional environments and are in high demand by recruiters. Especially in the case of the services sector (which hires a third of the labor force), these skills are highly valued and often difficult for recruiters to provide. Amidst the restructuring of the ETVET system, an attempt should be made to mainstream such skills training across all streams of the general education system.

Making young people aware:

- Career counseling and information: The greatest disadvantage young people have when they complete their studies is the lack of awareness of different career paths and their requirements. A special focus is required on providing professional career counseling and job information services in schools so that students are able to make informed

decisions about the opportunities and challenges of different educational and professional options. Some programs are already trying to do this in Jordan, such as the Maharat Program; based on the experiences of such programs, over the next few years, school-based counseling must be institutionalized and reach every student in the last two years of school.

- Support for school to work transition pathways: The transition from school to work is amongst the most difficult for young job seekers. Cross-country experiences have been mixed, with the best results in countries that have a structured system to match aspiring job seekers with potential recruiters (Ryan 2001). Two countries with such systems are Germany and Japan; government programs in both countries help schools rank pupils based on academic performance, and matches this ranking with a ranking of employers based on quality of apprenticeship or career prospects. Such a system can help Jordanian students enter the labor force in a more structured and empowered manner, with much better information about prospective employers and potential career paths. Some programs of this kind already exist (for example, the School to Career Program (Masar), run by Save the Children and need to be expanded.

Improving quality of vocational programs:

- Facilitate private companies to design and run vocational programs: It is recommended that the ETVET Council facilitate a system by which private companies are incentivized to be part of the formal ETVET programs of the government to improve the quality of technical programs especially in the manufacturing sector. This will involve a appropriate model of joint responsibility: for example, the government bears the cost of providing the facilities, mobilizing students and the curriculum design, while the companies provide the content and instructors, and conduct the actual programs themselves. Such a partnership can work if the cost of participating is less than in-house training that most large companies are compelled to provide (or the costs of importing foreign labor). Another way of increasing the relevance of the training is to retain and expand the apprenticeship model that the VCT currently follows, to enable students to learn on-the-job skills, together with classroom instruction.
- Incentivize private vocational centers to expand: There have been initial efforts to include the private sector in vocational education through public-private partnerships. However, the bulk of the training is currently provided by the government through the VCT. Given that up to 40,000 new entrants join the labor force every year, and that current capacities are limited to total enrolment of around 8,700 students in the vocational centers, there is an enormous deficit of skills training programs. To achieve the Government's target of a highly skilled workforce, it will need to create an environment where high quality, accredited private vocational programs are encouraged to fill the skills gap in Jordan.
- Collaborate with private sector to identify high potential sectors of growth and employment: The government's long-term goal is to create a knowledge economy. The current skills set and educational attainment of the labor force are not aligned to this goal. To expand the services sectors, the government should work with the chambers of commerce to identify the next set of high growth/high employment sectors that will absorb the labor force, and as part of an overall strategy to orient the economy towards these sectors, plan the back-end capacity to train the labor force as needed.
- Invest in longer duration programs at the post-secondary level: Evidence from other countries shows that the most effective vocational programs are those that are longer duration (12 months or more) at the post-secondary level. In

Jordan, these are the programs run by the VCT and the community colleges, which need to be strengthened and expanded.

Making vocational and skills programs affordable and accessible:

Vocational programs are on average more expensive than general education programs (Tsang 1997). Since there is an expected immediate financial return, costs are often passed on to the end beneficiaries. However there is a strong public good component of vocational programs-they externalize the costs of private training, reduce attrition costs for companies, and increase labor productivity. Most government programs are subsidized, but private vocational programs charge their students for the full cost program. As the private sector plays a larger role in vocational education, a special effort needs to be made to ensure affordable access to the group that needs it the most- young school graduates from poor households. This is possible through a combination of policies:

- A government sponsored voucher system that gives poor students the freedom of choosing the course and institution of study
- Extending student loan programs to vocational program students, either directly from the government or by backing commercial bank loans to students in such programs
- For skills upgrading and students who enroll while working, programs on tax breaks on costs of vocational programs
- Needs based subsidy programs for the students from households that cannot afford to pay for such programs

Lowering barriers to self-employment

Estimates indicate that small and microenterprises (defined as having less than 20 workers) hire two thirds of the non-agricultural labor force in the country, approximately 190,000 people (ETF 2005). 90 percent of these hires are estimated to be men. Most of these enterprises are in the informal sector, making it difficult to estimate the size and type of the enterprises themselves, as well as the kind of employment that is available, and the working conditions in these enterprises. Despite the size of the informal sector in Jordan, relatively little is known about the sector itself, especially in terms of entry barriers, work conditions, value added, and the pathways out of poverty that it offers. It is clear however, that as the most important source of employment for the poor in Jordan, microenterprises will continue to be the main source of income for the poor-as employers and as self-owned businesses. An effective poverty reduction strategy therefore will need to include efforts to first, regularize the informal sector so that enterprises have access to labor and capital; and second, to help remove some of the constraints of size within the informal sector.

Jordan ranks 111th out of 183 countries in the Doing Business Report 2011 (World Bank 2011). It ranks 127th in ease of starting a business, 128th in terms of access to credit, and 129th in terms of enforcing contracts. While Jordan improved its position as a business-friendly economy by setting up the regulatory framework to establish a private credit bureau, and lowering the threshold for loans to be reported to the public credit registry. But these changes are gradual and will help the formal, medium to large companies the most.

Access to finance continues to be the main constraint faced by small businesses. Most companies, especially in the start-up phase, access funds from family and friends. Funds necessary to expand, withstand external shocks, or become sustainable are difficult to generate.

- The formal banking sector: Even though Jordan has a strong banking system, with 24 banks (14 local commercial, 2 Islamic, 8 foreign, and 4 specialized credit institutions), and a network of branches covering over 11,000 people per branch, businesses face the following challenges in accessing credit: lack of capacity in preparing financial statements and loan applications; b) lack of confidence in approaching a formal bank for funds; c) the large banks often don't have loan evaluation officers outside of the big cities; d) high rates of interest; e) reluctance on the part of banks to provide start-up or working capital loans to small enterprises (MOPIC 2005). Regulatory and legal changes that a) support credit scores and financial disclosure; b) encourage banks to create tailored financial products for small and medium enterprises; c) encourage banks to train their staff to encourage entrepreneurs to apply for loans, will help small businesses overcome some of these challenges.
- Microfinance: Jordan is one of the world's best performing microfinance markets. It is one of the first countries to institute a National Microfinance Strategy in 2005. The Strategy prioritizes the role of the private sector as the main provider of microfinance, backed by enabling financial and credit policies. Microfinance began in Jordan in the 1990s with the establishment of the Jordanian Women's Development Society, that later became the Microfund for Women. Later, USAID supported the establishment of three other microfinance institutions (Jordan Micro Credit Company, Ahli Microfinance Corporation, and Middle East Micro Credit Company). In 2003, The National Microfinance Bank was set up and the latest entrant is FINCA-Jordan. In addition, three government owned institutions (Agricultural Credit Corporation, Development and Employment Fund, and Industrial Development Bank), and over a dozen smaller microfinance organizations serve the Jordanian market. Between them they cater to over 203,000 active borrowers. Over 70% of all clients are women. The total microfinance market is estimated at approximately 250,000 households for microfinance loans, and another 250,000 households for related products like insurance, housing loans etc. (UNCDF 2004). While most of these clients are small business owners, informal workers and women, there is no rigorous assessment of the profile of microfinance clients and the impact that these loans have on poverty reduction. It is not clear what proportion of the households below the poverty line has access to microfinance, or have used a microfinance product to get out of poverty. Clients have complained of high interest rates and little recourse to any grievance redressing mechanisms. Yet, the background and past performance of microfinance makes it an ideal platform to encourage self-employment, and reduce poverty, especially among women. A continued focus on expanding the scale of microfinance with a) targeting households below the poverty line with loans to start new businesses; b) emphasis on tracking and evaluating the financial health of the clients; and c) focus on loan sizes that cover start-up costs for new microenterprises can improve access to funds for the self-employed.
- Enterprise development support: Many small scale entrepreneurs lack the necessary skills to set up and run businesses. MOPIC has been providing such support since 2002 through the IRADA scheme as part of the Enhanced Productivity Program in the poverty pockets. Since its inception, IRADA has helped launch 500 projects annually, each creating 3-5 jobs. IRADA encapsulates the full range of support required by small entrepreneurs from advice to business planning, financial support, marketing etc. to get up and running. Other programs that offer similar support are the Jordan River Foundation's Capacity Building and Business Development Services (CBBDS) that build capacities of individuals, institutions and cooperatives by providing managerial and technical training services to ensure that the community members are equipped to carry on businesses without external support. Other programs focus much more on the highly educated youth, by bringing incubation funds and venture capital for young entrepreneurs. There is a need to extend IRADA-type programs to dense urban centres which may not currently be in poverty pockets, but have a high concentration of unemployed poor.

Policies to Encourage Women to Work

High level public campaign to encourage women to work

The female labor participation rate in Jordan (23%) is nearly less than half that of the average rate for middle income countries as a whole (59%). Even within the region, the Arab world as a whole has a higher female labor participation rate (26%). Within Jordan itself, the difference in women's participation in the economy based on income quintiles is striking, with the lowest income quintile showing a 15% participation rate as compared to the highest quintile (25%). While many of the enabling infrastructure and policies need to be bolstered to encourage women to work, in the short run the relatively high skills and educational levels of women in Jordan creates an opportunity to develop an additional source of income for households. However, significant cultural and social barriers still exist amongst households below the poverty line, especially in urban areas.

The Jordanian National Commission of Women (JNCW) has highlighted the need for economic empowerment of women as both a fundamental right to equality, but also as an essential tool for poverty reduction. The National Strategy for Women (NSW) Update 2006 lists as an objective, "the need to create a proper legislative environment to increase women participation in economic activities and to guarantee full equality between men and women." It identifies the barriers that women face, including discrimination in type of employment and compensation relative to men, low professional skills, high involvement in the informal sector, and their role as primary care givers within the family.

To do so, the NSW recommends laws that limit discriminatory practices against working women, extension of the legal umbrella to cover women working on part-time basis, women in agriculture, domestic workers and women working in home businesses. It also recommends adopting policies that create a flexible environment to enable women to balance their domestic and work obligations.

A high level public campaign to encourage women to work led by Her Majesty the Queen and other members of the royal family designed to begin a national discussion on the social, economic and cultural norms that discourage women working outside the house will be a starting point to changing cultural patterns and barriers that prevent women from working outside the home. It will be a multi-year campaign focused on highlighting the barriers that prevent women from working, and will start a series of conversations within communities, municipalities, civil society organizations, the private sector and government to identify specific actions needed to bring women to the workforce in a way that is respectful of social norms and allows them to work in a dignified manner.

Affirmative action to encourage women to work

The Government of Jordan has enacted an affirmative action policy to encourage women to participate in political and civic affairs by reserving 12 seats in the National Parliament and 20% seats at the council level for women. This strategy has begun to show results in the increased participation of women in civic life. A similar effort is needed to encourage women to work. Several countries have norms for affirmative action to increase the representation of women in public sector companies (Canada, France, Germany, Sweden, Norway). These norms typically apply to either public sector companies, government agencies, or in some cases such as Canada, to companies that are federally regulated. Affirmative action can range from direct quotas to targeted hiring norms. Direct quotas in private companies are relatively rare, but targeted norms reflective of the share of population are much more widespread.

An affirmative action policy for Jordan would build on the global experience and develop norms of hiring for all companies receiving Government subsidies/support, for the chambers of commerce, stock exchange, and all government departments. To start with, this policy would apply to women from households that are below the poverty line and focus on recruitment targets of 30% of all new openings for all local government departments, municipalities, line ministries and

other government agencies, with the initial aim of increasing the female participation rate in the labor market by 10 percentage points to bring it at par with the female participation rate in the highest income quintile (from 15% to 25%).

The government will also share the cost of maternal care with private companies (through a mix of insurance policies and/or direct subsidies) to encourage hiring of women to meet the targeted norms of equal representation. There should also be a provision to reward and recognize private companies that show initiative in designing a flexible and enabling working environment for women employees.

State supported social infrastructure for women workers

The single greatest barrier to women working, especially from households below the poverty line, is the absence of alternate forms of child care. There is no safe place where women can leave their children for 6-8 hours a day while they go to work. At the same time, options for working from home are limited, leaving women with little choice but to stay at home.

A state-supported child support system can provide a safe, reliable, alternate form of child care. Most countries that offer state sanctioned day care provide variations of publicly run day care centers, privately run nurseries with state subsidies, or parental cooperatives with state subsidies. In all cases, there is a strong regulatory framework to ensure the safety of the child, including regulation on space, facilities, hygiene, staff-to-children ratios and qualifications of the staff. Examples include full service, subsidized day nurseries (in Sweden, Norway, France, Germany, Spain), newly developed day care centers (Mexico, Philippines, Brazil, South Korea), largely privatized childcare (United Kingdom, Australia, United States), and low cost child care centers (India, Senegal, Nepal, Ghana, Ethiopia). The launch of day care programs in most middle-income and low income countries coincided with an increased participation of women in the work force during the 1980s and early 1990s. Documented benefits include ability of the mother to participate in the labor force, better nutritional outcomes for children, improved cognitive and social skills, and higher household incomes for the family.

In Jordan, Article 72 of the 1996 Labor code states that employers are obliged to provide day care facilities at work if the enterprise employs 20 or more married women, as long as at least 10 of the children are less than 4 years of age. Despite this, childcare services in Jordan are very limited, reaching only 2% of the children in the 0-4 age group. The Ministry of Social Development and Ministry of Health are responsible for setting the criteria to open such day care centers, and by 2006 there were 785 such centers, with the government responsible for 56% of them (of the remaining, 38% are community based and 9% are private). It is not clear to what extent these centers focused on meeting the needs of households below the poverty line.

The design of an appropriate child care support system depends on the social and cultural norms of society. To that extent, it is difficult to supplant an existing child care system design from another context. In the case of Jordan, a culturally appropriate child care system will need to be designed which is low-cost, supported by the state in terms of finances and quality standard setting, is locally situated, preferably run by women from the neighborhood itself, and free of charge for employed parents under the poverty line.

A pilot program that first evaluates the existing day care centers to understand their impact on female participation, and then designs and launches 5-10 daycare centers, catering to 20-200 infants and toddlers in some of the poorest municipalities in the urban areas of Amman, Irbid and Zarqa will contribute towards a better understanding of a Jordanian child care model. It will also allow women in those neighborhoods to both take up full-time jobs, and will provide employment to some women as well. While the costs depend on the design and type of day care, it is estimated that the average running cost is likely to be in the range of 600JD per child per year. Annex C provides initial cost estimates for the pilot.

Policies to reduce barriers of intra-country migration for work

Many young people from poor households are reluctant to move to industrial and urban centers (Amman city, Irbid, Zarqa) because of the higher costs of living and transportation. Most households interviewed spent between 80-150 JD a month on transportation. The wages earned from jobs in these centers typically don't make up for these higher costs, leaving little by way of savings. The government can attempt to address this challenge through a three-pronged approach:

- Subsidized transportation for employed workers below the poverty line: Introduce a scheme by which workers would be entitled to subsidized public transportation (in the form of a monthly pass based on evidence of employment). This will defray the costs transportation, particularly for low-wage, blue collar workers.
- Low cost housing: The Government has several initiatives to resolve the problem of housing and urban planning especially for the poor. Under the auspices of the Housing and Urban Development Council (HUDC), and drawing on the vision of His Majesty King Abdullah, several programs have been initiated over the past decade, including the Housing Subsidy Program, poor families housing, limited income groups housing, and partnerships with the private sector for mixed income housing. Most recently, the Decent Housing for Decent Living action plan, announced in 2008 aims to enable 100,000 Jordanians to own housing units by 2013. A review of the current and past housing programs for the poor are outside the scope of this paper. However, effort has to be made to locate such projects in coordination with centers of employment, trade, and industrial hubs to enable workers to take up job in these areas.
- Urban planning for economic agglomeration: Finally, the greater Amman area is likely to continue to grow as an economic and manufacturing hub in Jordan. Future urban planning efforts need to recognize this reality, and manage the demands of increased housing, larger numbers of workers and students by planning for satellite towns, planned communities with infrastructure, safe residential areas close to centers of economic activity, and a supportive public transportation system.

Policies to reduce the costs of education

Scholarship/student loan program

The average per capita expenditure amongst households where the head of the household has a post-secondary education (2376 JD) is nearly double that of those where the head has only a primary education (1503 JD) or a secondary education (1585 JD). Yet, college education is unaffordable for most of Jordan's poor. Amongst families below the poverty line, only 2% of the heads have an education higher than secondary. The average cost of college education varies depending on the course and the type of institution (government or private) but varies between 1500-6000 JD per student annually, including tuition and living expenses. Most families below the poverty line are unable to afford this expense, thereby denying their children to opportunities for economic mobility and perpetuating the cycle of poverty to the next generation.

There are about 197,000 Jordanian students currently enrolled in the university system in Jordan. These students represent a gross enrolment rate of nearly 40%, amongst the highest in the Arab region. Based on this information, there are an estimated 16,000 students from families below the poverty line that are eligible to enter college each year. While we do not have the exact percentage of students from households below the poverty line that continue to college, we can assume most of these 16,000 students are not able to continue to college.

There are several government scholarship programs currently in place. The King Abdullah II Fund for Development (KAFFD) offers over 300 scholarships annually to meritorious undergraduate students. The Ministry of Higher Education

and Scientific Research issues over 5,000 need-and-merit scholarships, and the Princess Muna Scholarship Fund for Nursing provides 30 scholarships for training female nurses. In 2010, the Ministry also established the Student Support Fund, which provided over 14,000 student loans in 2010.

Currently there is no scholarship or financial aid program that is specifically directed at students from households below the poverty line. Students from such households are also likely to face difficulties in schooling from the primary level upwards and are likely to find it difficult to compete on merit with other students. It is recommended that a dedicated fund for needs-based scholarships is set up targeting students from households below the poverty line who are currently in grade IX. The fund will support the students through secondary education and provide guaranteed support through college if the student is selected for admission. It is recommended that the fund targets 5,000 students to start with, rising to a maximum of 10,000 students by 2015.

The Ministry of Higher Education is in the process of launching a Student Loan Bank, aimed at providing interest free loans to over 10,000 students. This is an excellent proposal and needs to be implemented at the earliest, with a renewed focus on identifying students from households below the poverty line for a partial grant-partial loan program to enable them to complete their education.

Policies to address social and cultural norms that keep households in poverty

Finally, there is a range of policy initiatives needed to bring about behavior change and shift the cultural and social norms that prevent families from exiting poverty. Most of these policies have been discussed above; implementing them will require a combination of national level campaigns led by the highest political leadership and that provoke a dialogue across community leaders, opinion makers, religious leaders and tribal leaders. At the same time, implementation will require bottom-up engagement with the families to understand and help shift attitudes; this will be an intrinsic element of the Social Worker Outreach Program. There are three specific policies in this category:

National reproductive health policy

The Government of Jordan has released its national reproductive policy in 2011. This paper does not attempt to replicate or replace any of the policies currently in place. It is important, however, to recognize that families with 5 children or more are at 4.2 times higher risk of being poor. Further, 93% of all families in poverty have 5 children or more. Therefore, a reproductive policy is not just important for better health or gender outcomes; it is an intrinsic and essential element of a comprehensive poverty reduction strategy as well. Therefore a special focus is needed on targeting the households that are below the poverty line, especially those that are in the 18-25 years age group, and to work with both husband and wife to help them understand the consequences of larger families and to help them plan their families and manage their fertility decisions in a manner that is responsive to the prevailing social and cultural norms. The Social Worker Program can play a central role in implementing this strategy.

The other two policies in this category have been discussed above: a high level public campaign to encourage women to work; and a high level public campaign to encourage men to work. In both these cases, the national campaigns must be complemented with a bottoms-up outreach effort through the Social Worker Program to be truly effective.

Transition to a Knowledge Economy

The National Agenda identified as its objective, to improve the quality of life of Jordanians through the creation of income generating opportunities, the improvement of standards of living, and the guarantee of social welfare. In order to do so, the Ministry of Labor's Strategic Plan identified 3 phases: Phase One (2007-2012) to minimize current unemployment by developing labor-intensive export industries; Phase Two (2013-2017): to raise average income of Jordanians through productivity enhancement programs and to direct labor towards value added jobs; and Phase Three (2018-onwards) to transfer economic sectors towards the knowledge economy.

Phase One has been unable in large part, to solve the immediate unemployment challenge in Jordan as discussed above. Phases Two and Three will require a shift from low-wage, labor intensive manual work (currently largely outsourced to foreign labor), towards sectors with higher skills and knowledge. Jordan's relatively high education and skill levels make it an ideal economy for this transition. Today, while the pace of job creation is fairly brisk (20,000-40,000 new jobs annually), these jobs are being filled by foreign labor. The previous sections discussed strategies to reorient Jordanians towards some of these jobs. However in the long run, Jordan will need to invest in sectors with jobs which match the aspirations of the Jordanian people while building regional competitiveness in new and emerging sectors. The sectors that Jordan needs to invest in will need to be not just high growth sectors (as is currently the case with investments in textiles and chemicals), but also high employment sectors. This can be done by focusing on specific service sectors that enable Jordan to become a competitive hub for the Middle East and North African region. Some of these sectors are described below:

- Jordan has a well educated population with an IT hub in and around Irbid. With the appropriate infrastructure, it can become a knowledge outsourcing and business process outsourcing center for the MENA region. At this point, it is not clear if there is a cost advantage that Jordan enjoys vis a vis its closest competitors (Egypt, Morocco, Tunisia). A comparative study on labor and infrastructure costs is needed to identify areas of competitiveness and invest systematically in these areas over the next 2-3 years.
- Jordan is already becoming a destination for medical tourism within the region, but this industry is in a nascent stage right now. There is a severe shortage of trained personnel (medical staff, nursing staff, administrative staff). With the appropriate investments, Jordan can develop its medical sector and attract patients from regional countries by offering more affordable, high quality care. This will require significant investments in making medical colleges and courses affordable to students who currently cannot afford them.
- While Jordan is a sought after tourism destination, it has not as yet fulfilled its potential. There is enormous scope to develop as a major global tourism sector by developing the hospitality industry and providing training to young people to join the sector.
- Finally, there is an enormous scope within Jordan to promote clean energy industries, both from an economic and employment perspective, but also from an environment perspective. Jordan is currently reliant on its neighbors for most of its energy needs. A serious investment in alternate energy sectors, especially solar, can allow it to emerge as a high value manufacturing hub as well as a consumer of alternate energy .
- Finally, the current focus on the creation of Development Zones has so far focused largely on attracting capital intensive industries. With the exception of the tourism sector in the Ma'an Development Zone, there is no serious effort to identify medium skill- labor intensive industries that the development zones can support so as to increase employment opportunities in the country.

Path to Sustainable Development

A sound economic strategy is a first step on a path towards long-term prosperity for Jordan. However, this is not enough. In addition to economic prosperity, Jordan will also need to focus on some of the broader aspects of sustainable development. These include:

- **Management of water resources:** Jordan is the world's fourth driest nation. In 2008, with a per capita availability of 145 cubic meters (CM) per year, it was already far below the internationally accepted "water poverty line" of 500 CM per capita per year. This situation is getting progressively worse- the per capita availability has reached this figure of 145 CM per year from 3600 CM in 1946. Further, groundwater is being utilized at twice the recharge rate. Demographic projections indicate that the population of Jordan will grow to about 7.8 million by 2022, fuelling further demands on already scarce water resources. Current practices of water use are clearly unsustainable-agriculture accounts for 71% of water demand and 64% of water supply- and ground water (which provides over 50% of the current water supply) is over extracted already. The stress of water scarcity will have repercussions on agricultural production, industrial growth, population migration, household expenditures, and regional geopolitics. It is therefore critical to prioritize sustainable management of Jordan's current and future water resources to extend, and maintain its current economic situation. Jordan's Water Strategy (2008-2022) lays out a range of actions needed to reverse the current situation. It needs to be implemented on an urgent basis.
- **Alternate sources of energy:** In 2007, Jordan imported 96% of its energy. Of the total energy used in the country, 66% is oil-based, 26% is natural gas, 7% is imported electricity, while only 1% is based on renewable sources. The National Energy Strategy (2006) aims to reduce the dependence on imported energy to 61% by 2020. It also aims to change the energy mix, and increase the share of natural gas to 29%, shale gas to 14%, renewable energy to 10%, and nuclear energy to 6%, while reducing the share of imported electricity to 1%, and that of oil-based energy to 40%. This will require a major investment in renewables, especially in solar, wind, and potentially geothermal power. The Government's current efforts have already led to identification of areas with high solar and wind potential which need to be protected, and to a strategy to incentivize developers to reduce the costs of solar power. The government now needs to expedite investments in these areas and extend the use of renewables to manage the growing demand of industry.
- **Climate change adaptation and mitigation:** A series of studies have been conducted under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC). As per initial findings of these studies, Jordan will be significantly affected by climate change. Models estimate that surface temperatures are likely to rise by less than 2 degrees centigrade, with warming stronger during summer. There is less clarity on the effects on precipitation, though all models indicate that significant changes in the magnitude and timing of precipitation are expected. The sectoral effects of climate change are likely to be strongest in the water and agricultural sectors, and adaptation costs are likely to be highest for these sectors. Mitigation measures were identified in the energy and waste management sectors. The UNFCCC National report on Jordan estimates that until 2020, \$3.3 billion will be needed for mitigation, and \$1.6 billion will be needed for adaptation. By 2050, these costs will increase by \$2.5 billion for mitigation, and \$5 billion for adaptation. Jordan needs to invest upfront in mitigation projects to maintain and expand its economy, and to manage the fiscal implications of climate change.

While all of these challenges are long-term, and affect the entire Jordanian economy and population, the poor will always be disproportionately affected by resource scarcity, and reduced earning capacities. It is therefore imperative for poverty reduction strategies to be grounded in the context of long-term sustainable development, so that poverty reduction is integrated into long-term sustainable development strategies, and so that sustainable policies are implemented early to cushion the poor and increase their ability to deal with environmental challenges.

Implementation Matrix and Next Steps

An implementation matrix (see Annex A) lays out the list of recommendations, with suggested targets and allocation of responsibility.

As an immediate set of next steps, it is recommended that:

- The Government identifies the final set of programs that will be implemented over the 2012-2015 timeframe.
- Based on that list of programs, a targeted set of households and locations is identified to implement the programs. Some of the sub-governorate profiles in terms of employment, poverty, family size and educational levels are listed in Annex D. This list can be a starting point to identify the first set households and locations to roll out the programs.
- A draft budget for the 2 new implementation programs identified has been presented in Annex B. A more detailed budget will need to be drawn based on the exact nature and scope of roll-out.
- The Earth Institute at Columbia University is keen to work with MOPIC and MOSD to design the details of the social worker integrated approach program, including phase 1 targeting, training and profile of social workers, and organizational design. This work can take place from January 2012-June 2012, with a roll out in October 2012. Next steps in such support will include the following:
 - Consensus building (January- February 2012): Bringing all relevant stakeholders to the table to discuss a potential Social Worker program, including assessment of best practices globally that can be incorporated, lead government ministries etc.
 - Conceptualization phase (February -April 2012): Detailed design of the Social Worker Program, led by MOPIC/MOSD with technical support from Columbia to identify scale, scope and sequencing of the program, social worker profile, set of interventions and design of work load, trainings and recruitment strategy.
 - Organizational systems (April-May 2012): MOPIC/MOSD to identify the organizational structure and support systems needed before such a program is rolled out. This will include decisions on organizational design, management systems, reporting mechanisms, decision support to the workers, recruitment process and budgetary allocations.
 - Phase 1 roll-out (June 2012).
- The Earth Institute at Columbia University is also keen to support the government in its plans for transitioning to a knowledge economy, and dealing with the challenges of sustainable development as the broader context for economic prosperity.

Information Gaps for Policy

In the course of drafting this document, there are policy research gaps that have emerged. We recommend that some of the knowledge gaps are filled over the coming year so that by 2013, there is much clearer guidance on how to develop an

effective poverty reduction strategy, especially with the view to effect a long-term transition of the economy to a more prosperous, and sustainable path.

Future policy direction will require research on the following questions:

- The proportion of the poor that have access to, and have been impacted by microfinance over the past decade.
- Detailed labor market assessment of supply and demand by sector, by geography, by skill level, especially for the population below the poverty line- resolve mismatch between
- Assessment of competitive advantage of Jordan for KPO/BPO sector, medical tourism, etc. relative to competitors in the region (Egypt, Morocco, Tunisia)
- Educational and occupational profile/motivations of women in households below the poverty line
- Reasons for sharp drop in enrollment at post-secondary level among the poor (relative effects of quality, cost barriers, opportunity costs)
- Detailed study on barriers and regulatory reform needed to encourage SMEs, microenterprises
- Estimation of size and nature of the informal economy in a bid to design strategies to regularize it and provide social services to its workers.

Annex A: Implementation Matrix

See attached power point slide.

Annex B: Best Practices and Lessons Learnt from Around the World

Child Care Service Models

Access to affordable, reliable childcare services is a key determinant of a woman's willingness to enter the workforce, contributing to major gender disparity in employment in areas with few childcare facilities. However, providing childcare can also serve to break the cycle of poverty, not only by providing economic opportunities for daycare providers and enabling parents to pursue employment, but also by fostering the development of children - socially, physically and cognitively – thus improving future economic and social outcomes.

A number of countries have developed programs to provide these services at little to no charge for families in poverty, with key lessons learned for governments looking to provide similar services. Though adapted to the unique context of the country, the following programs balance issues of quality, cost, policy, incentives, and structure of service in different ways, and should be consulted in the design of a Child Care program in Jordan.

1. Hogares Comunitarios de Bienestar, Colombia: Hogares Comunitarios de Bienestar is a government administered program that targets poor families with children age 6 and younger. Started in 1987, the program now serves over 1 million children, and provides support in nutrition, health, and emotional development. Households that are eligible for the program form parent associations and select a “community mother”, who must meet certain national requirements and is provided with training, before opening her home to a maximum of 15 children. She is also provided access to a trained specialist. A number of studies have shown a positive effect on the physical, emotional, and cognitive development of children. Key factors in success: targeted poor families, integrated support, community supported, trained personnel and support system, conveniently located.
2. Proyecto Integral de Desarrollo Infantil, Bolivia: Proyecto Integral de Desarrollo Infantil is similar to the program in Colombia, providing home-based early childhood development and nutrition services to children who live in poor, predominantly urban areas. The program provides care for children age 6 months to 6 years in groups of no more than 15. With two to three community selected caregivers, the program provides integrated child services. Several studies were conducted on the program, showing positive outcomes in cognitive development and nutrition, particularly for children age 37-54 months, and estimates of the benefit-to-cost ratio range from 1.7 to 3.7. Key factors in success: targeted poor families, collective support, community supported, conveniently located.
3. The Integrated Child Development Service, India: The Integrated Child Development Service is administered by the Ministry of Women and Child Development to provide an integrated package of services around education, health, and nutrition for children under 6 from urban slums, tribal regions, and rural regions. The services are provided through a network of ICDS centers around the country, known as Anganwadis. While the service is not yet targeting all eligible families and fails to address the needs of children under the age of 3, ICDS currently

reaches an estimated 33 million children from disadvantaged groups. Key factors in success: targeted poor families, integrated support.

4. The Rajiv Gandhi National Creche Scheme, India: A more recent initiative aimed at providing services to disadvantaged families with children under 6 years old, the Rajiv Gandhi National Creche Scheme was launched in 2006. The guidelines for running crèches under this scheme mandate that at least 50% of children must come from families below the poverty line. There are approximately 700,000 children benefiting from crèches under this scheme, though it is far from meeting the needs of the country. A graduated user charge program is used in the crèches to cover some of the costs, and the balance is covered by the state. Key factors in success: targeted poor families, low cost, government supported and regulated.
5. Chile: Chile legally requires the provision of childcare services, and has developed a series of initiatives to provide flexible childcare options. In 1970, Chilean law established JUNJI, a fully autonomous public corporation dedicated to the promotion of child development and women's workforce participation. JUNJI, in collaboration with the INTEGRA Foundation created in 1990, provides kindergartens and free public daycare centers for the public sector, and has helped to increase the coverage of children age 0-5 in daycares from 15.9% in 1990 to 36.9% in 2006. The INTEGRA Foundation also runs a rural community kindergarten program that specifically targets children in isolated, low density areas. Key factors in success: targeted program, government supported but autonomous administration, flexible options.
6. France: France has had a state-subsidized childcare and preschool system for a number of years, and has expanded to include a range of childcare models to meet the varying needs of working families. France provides a mix of center-based services (haltes-garderies) with flexible hours, home-based services through "childminders" that are heavily regulated, and a more recent model called a micro-creche, launched in 2006, which allows three accredited childminders to collectively provide care to a small group of children. The preliminary results of the micro-creche show that this more flexible model has a greater impact on meeting the needs of rural and poorer urban families. Key factors in success: low cost for poor families, flexible options, regulated for quality.

Job Information Models

Innovative, technology-based solutions for disseminating job information are relatively new, but they have also expanded rapidly as mobile phone penetration has increased throughout the world. This is particularly true in lower and middle income countries, where several innovative models for providing access to job information and services have specifically targeted the most marginalized members of society, though reviews of these programs are somewhat limited given their recent uptake. Technology-based labor market information systems provide a transparent and convenient means for accessing job information.

1. Souktel, Palestine: Souktel is an integrated SMS service, connecting users to a range of resources from jobs to humanitarian aid. One of its primary services is "JobMatch", which uses SMS messaging to connect job seekers with employers. To access the service, people seeking jobs register via SMS with the system, entering their work profile, career interests, location, and skills. Souktel then gives a list of matching jobs and contact information for employers. The service is used by an average of 2,000 people per month, and it has recently expanded to Iraq and Somalia. Key factors in success: low cost access to information, mobile access improves convenience, targeted to unique job skills and location, transparency.

2. Konbit, Haiti: Konbit is a relatively new service started in Haiti in late 2010 that indexes the skill sets of local residents through audio. Job seekers record a brief audio message describing their skills and career interests in their own language, and the content is then transcribed and translated into job skill categories that are searchable by employers. This process enables illiterate members of society to use technology to access and post job information. The founders of Konbit partnered with local mobile service providers to mitigate the cost to the end user. Key factors in success: low cost access to user, targets marginalized members of society, mobile access improves convenience.
3. BabaJob, India: BabaJob is a job matching resource started in Bangalore in 2007. The service specifically targets the population at the bottom of the pyramid and provides both a website and a mobile service. To use the service, job seekers can either sign up online or via mobile phones to receive information about jobs that meet their requirements. There is a minimal fee for receiving the messages, but users are able to respond to messages for free. More recently, Babajob also provides in person offices to work with users and plans to expand into offering voice services, enabling illiterate job seekers to access the service. Key factors in success: low cost access to information, mobile access improves convenience, targeted to work profile of user, flexible options for engagement, targets marginalized members of society.
4. Monster.com, USA and India: Monster.com is an internet-based job information database that launched in the United States in 1999, and is now one of the largest employment websites in the world, posting over a million jobs at any given time and over 150 million resumes. In late 2010, Monster.com announced the launch of rozgarduniya.com, an internet job portal providing access to job opportunities for rural populations across 40,000 villages in India. The platform uses internet-enabled kiosks available in villages throughout India to enable job seekers to access job information and apply for jobs. Key factors in success: convenience of access, targets marginalized members of society, low cost access to information.

Community Social Worker Model

Community development workers have been used to provide service delivery at the household level for a number of years, and the success of such models has been well documented, particularly for providing health services and disseminating agricultural information. However, using community development workers to provide a suite of services and connects clients to information based on diagnostic information is an innovative one. Although the model is a new one, successes and lessons learned from the experiences of community health workers and agricultural extension workers provide valuable information on service coverage, training, worker profile, feedback and monitoring mechanisms, engaging the community, and incentive structures. Additionally, several of the more recent models have developed innovative ways to leverage information and communication technologies to improve the efficiency of service delivery.

Agricultural Extension Worker Models:

1. Integrated Rural Development Project, Malawi and Kenya: IRDP was a World Bank supported project started in the 1970s that implemented integrated extension support. The purpose of the project was to address the constraints of smallholder farmers by synergizing their agricultural work with their health, nutrition and educational needs. The program provided technical support in a range of areas, but the overall success of the project was undermined by a number of issues. The challenges that were identified in implementation were a lack of adequate training and management, inflexibility in the model, a disregard of many institutions and NGOs already working on similar projects, and the model was not holistic in its delivery of services. While the overall outcome of the project was mixed, the integrated approach can provide a lot of valuable feedback the program in Jordan.

2. National Agriculture and Livestock Extension Program, Kenya: The NALEP program in Kenya was supported by SIDA and launched in 2000. The focus of the program was on stakeholder inclusion, bottom-up planning, and creating farmer common interest groups (CIGs) around mutually decided-upon focal areas. After five years, results of the program were highly positive, with a majority of the farmers saying that the program offered them new agricultural opportunities and taught them how to view and promote their agricultural work as a business. As a result, nearly three-quarters of respondents said that the program assisted them in gaining profits. Key factors in success: community-driven, sense of community ownership, targeted interventions, collaborative work through CIGs, sustainable, high level of extension worker training.

Community Health Worker Models:

3. ChildCount+, Kenya: ChildCount+ is a mobile health platform that was developed and piloted by the Millennium Villages Project. The first program was launched in Sauri, Kenya, in January 2010, and it uses open-source software that allows community health workers to text messages reporting on the health status of their client families and linking them to necessary medical information and resources. The program has also provided a database of medical information on the communities and pushes out relevant information, enabling CHWs to provide efficient and targeted service and avoid gaps in treatment. Several thousand children have been registered in the system in Kenya. Key factors in success: targeted service, convenient access to information, community ownership and buy-in, feedback mechanism.
4. Lady Health Worker Program, Pakistan: The LHW program in Pakistan is run through the Ministry of Planning. The health workers are residents of the community in which they work, recommended by the community, and receive fifteen months of training followed by twelve months of on-the-job training. Approximately 75% of the serviced population resides in rural areas. External evaluations of the program have shown it to be largely successful. The population served by the program had substantially better health indicators than those in the control population. Maternal mortality and under-5 mortality was significantly reduced in the intervention area, and more women were referred to emergency obstetric care. Key factors in success: community ownership and buy-in, extensive pre- and in-service training, structured support system for workers.
5. BRAC Community Health Workers, Bangladesh: BRAC uses CHWs in its health outreach efforts. CHWs receive three weeks of training and ongoing support from a supervisory officer, and have a comprehensive incentive structure to encourage high level worker performance. In comparing the effectiveness of the tuberculosis program run by the CHWs as compared to the national program, although both programs achieved significant coverage and high cure rates, the use of the CHWs was more effective for uptake of the treatment in rural areas, and the cost per patient cured was roughly 2/3 of the cost per patient through the government program. According to recent surveys, the community preferred the CHWs to NGO provided service in the surveyed regions. Key factors in success: community ownership and buy-in, successful incentive structures, pre- and in-service worker training.

Annex C: Illustrative program costs and scale up path for social worker program and child care program

Social Worker Program

	Phase 1	Phase 2	Phase 3
Target households	6,000	20,000	39,000
Outreach Workers			
<i>Hhs per Outreach Workers</i>	20	20	20
Number of Outreach Workers (total)	300	1,000	1,950
Supervisors			
<i>Outreach Workers per Supervisor</i>	10	10	10
Number of Supervisors (total)	30	100	195
Support Staff			
<i>Outreach Workers per Support Staff</i>	10	10	10
Number of Support Staff (total)	30	100	195
Centers			
<i>Hhs covered by each center</i>	2,000	2,000	2,000
Number of centers	3	10	20
COSTS			
Salaries			
Total salary of Outreach Workers	1,080,000	3,780,000	7,739,550
Total salary of Supervisors	126,000	441,000	902,948
Total salary of Support Staff	72,000	252,000	515,970
Total Salary Costs	1,278,000	4,473,000	9,158,468
Total Center Costs	16,200	56,700	116,093
Total Training Costs	750,000	2,467,500	4,658,063
Total Data Management Costs	25,200	61,740	64,827
TOTAL COSTS	2,069,400	7,058,940	13,997,451
TOTAL cost per Target Household	345	353	359
TOTAL cost per Capita	0.32	1.06	2.06

Child Care Centers Pilot

	2012	2013	2014	2015
Number of centers	10	15	20	50
Total number of children (@20 children per center)	200	300	400	1000
Staff members (1:5)	40	60	80	200
Staff salaries (@ 100JD a month)	48000	72000	96000	240000
Other running costs (@500 JD per center per month)	60000	90000	120000	300000
Total running costs (JD per year)	108000	162000	216000	540000
Running costs per child (JD per year)	540	540	540	540

Annex D: Sub-governorate data on poverty profiles

See attached document

Annex E: Bibliography

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