



Poverty Alleviation for a Stronger Jordan

A Comprehensive National Strategy



Mrs. Tamam El-Ghul
Minister of Social Development

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The cover illustration represents the hope that this strategy offers for the alleviation of poverty in Jordan, as it promises to deliver the poor from the depths of despair to the light of progress. It emphasizes that poverty is a universal problem, one that affects all of us and can only be solved if all of us work together. It was conceived by the Jordan Poverty Alleviation Program team, developed and executed by Elite Marketing and Integrated Communications.

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His Majesty King Abdullah II of the Hashemite Kingdom of Jordan

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Acronyms

ACC	Agricultural Credit Corporation
ADA	Asset Development Accounts
AGFUND	Arab Gulf Programme for United Nations Development Programme
AMC	Ahli Microfinancing Company
AMIR	Access to Microfinance and Improved Implementation of Policy Reform
ASEZA	Aqaba Special Economic Zone Authority
BDN	Basic Development Needs
BNA	Basic Needs Approach
CDC	Community Development Centers
CEO	Chief Executive Officer
CHF	Communities Habitat Finance
CIDA	Canadian International Development Agency
DEF	Department for Int'l Development
DFID	Development and Employment Fund
DHS	Demographic and Health Survey
DOS	Department of Statistics
ECD	Early Childhood Development
EFTA	European Free Trade Agreement
FIS	Family Income Supplement
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GIS	Geographical Information System
HEIS	Household Expenditure and Income Survey
IT	Information Technology
JABA	Jordan American Business Association
JD	Jordanian Dinar
JICA	Japan International Cooperation Agency
JMCC	Jordan Micro Credit Company
JOHUD	Jordanian Hashemite Fund for Human Development
JPAP	Jordan Poverty Alleviation Program
JRF	Jordan River Foundation
MCP	Microcredit Program
MFW	Micro Fund for Women
MOA	Ministry Of Agriculture
MOARA	Ministry Of Awkaf and Religious Affairs
MOE	Ministry of Education
MOF	Ministry of Finance
MOH	Ministry of Health
MOL	Ministry Of Labor
MOP	Ministry of Planning
MORA	Ministry Of Rural Areas
MOSD	Ministry of Social Development
NAD	National Aid Database
NAF	National Aid Fund

NCFA	National Council for Family Affairs
NEF	Near East Foundation
NGO	Non-Governmental Organization
NHF	Noor Al-Hussein Foundation
NIC	National Information Center
NPC	National Population Commission
PHCI	Primary Healthcare Initiatives
PTA	Parent Teacher Association
QIZ	Qualified Industrial Zone
RCA	Recurrent Cash Assistance
RDA	Required Daily Allowances
RMS	Royal Medical Services
SPP	Social Productivity Program
UBN	Unmet Basic Needs
UHT	Ultra High Treatment
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
USAID	United States Agency for International Development
USD	United States Dollar
WHO	World Health Organization
WTO	World Trade Organization

Executive Summary

This report proposes a comprehensive, national strategy for poverty alleviation in the Hashemite Kingdom of Jordan, taking into account the various dimensions of poverty.

It begins by summarizing Jordan's current poverty situation and identifying the policy issues that affect poverty directly.

It suggests how to develop a social safety-net for a country that is graduating from lower-middle income status and rapidly integrating into the global economy.

The main initiatives proposed to develop a social safety-net are as follows:

- Increasing assistance to National Aid Fund (NAF) beneficiaries
- Extending assistance to those left out
- Developing a database for national assistance programs
- Utilizing geographic information systems to generate maps that track the poor

While this report recommends ways to reduce poverty that are holistic and build on current experiences by addressing issues of health, environment, education, sustainable microfinance, improving economic security of low-income working families, and increasing employment opportunities in rural areas and secondary towns, it limits its scope to poverty alleviation and does not attempt to build a comprehensive social policy. This report, for example, does not address issues such as the role of women, domestic violence, child protection, etc.. Conversely, there are other actions that will expand economic opportunities and result in a trickle-down effect on poverty alleviation such as tourism, structural adjustments, access to markets, infrastructure development. Other entities like Vision 2020 are already engaged in addressing these issues, thus they are outside the scope of this strategy.

The conditions of the poor will not always encourage ecological sustainability, especially in the short term; the need for food, water, and income today discourage many poor people from focusing on the environment of tomorrow. The goal is to find ways to avoid environmental degradation since in the long-term, neither the poor nor anyone else will gain from pollution or the deletion of natural resources.

The strategy also proposes longer-term strategies for modifying the government's role in the facilitation of job creation through a strengthened public-private partnership, as well as for increasing public awareness.

Finally, a road map is designed to support each initiative and bridge gaps through improved collaboration between the public and private sector on one hand, and non-governmental organizations on the other hand.

While acknowledging that poverty is difficult to measure and establishing a poverty line is contentious, this report has adopted the poverty line established by the World Bank at 313.5 Jordanian Dinars (JD) upon which to base its recommendations.

The recommendations made in this report take a modern, national approach, reflecting a broad continuum, and are not limited to 'welfare reform' or a single ministry.

Areas for Policy Reform

This society expects poor Jordanians to enjoy the minimum standards of shelter, sanitation, health, and nutrition associated with modern society. Because the problem of poverty has many causes and manifestations, no single approach can be adopted to solve it. There are different severities of poverty and efforts on different levels already in place. The realization of the severity of this problem in Jordan mandates a national strategy, which builds upon and enriches existing initiatives to tackle this problem.

It is easy enough to tell the poor to accept their poverty as God's will when you yourself have warm clothes and plenty of food and medical care and a roof over your head and no worry about the rent. But, if you want them to believe you, try to share some of their poverty and see if you can accept it as God's will yourself!

Thomas Merton

This strategy to alleviate poverty includes short-, medium-, and long-term initiatives in each policy area. The policy areas identified in this report include social safety, employment, education, and healthcare; within these areas, policy objectives include improving the social safety-net for the poorest of the poor, improving employment opportunities for those capable of working, providing access to education and assuring access to healthcare. The basic approach to achieve the above policy objectives is to support existing strategies and programs that work well. Moreover, new forms of institutional cooperation need to be developed to address the multi-dimensional nature of poverty, and a network of non-governmental organizations (NGOs) needs to be established to galvanize their activity at the local, governorate, and national levels.

In the short-term, the social safety-net needs to be made more effective. It will take years for the expansion of the economy and the creation of jobs to match the annual increase in the labor supply. In the meantime, we have to improve the safety-net, and as its systems.

Simple, direct transfer of resources to people who are not able to work or do not have sufficient income from work to live above poverty must be provided. Therefore, improving the efficiency and effectiveness of NAF (i.e. the principle social safety-net program) must be the top priority.

Within NAF, the most important program for the poor is the Recurrent Cash Assistance (RCA) program, which accounts for between 68 to 75 percent of total NAF cash assistance in any given year. Strategy initiatives in this area include transforming the RCA program from a welfare-oriented program into a work-oriented program and expanding its coverage, as conservative estimates suggest that it currently reaches no more than half of the total number of individuals living below the poverty line. In addition to such policy reforms, NAF must undergo a comprehensive management and function study to ensure that any new resources allocated to it will be used effectively, to modernize its structure, procedures, and delivery mechanisms, and to improve public confidence in the organization.

As far as assistance programs in general are concerned, it is vital to ensure that assistance reaches those who need it and is not wasted by inefficiency or duplication. We need to know who receives assistance, of what type, at what level, and from what source, in order for the system to be effective and efficient. The development of a national database of assistance beneficiaries is proposed to achieve this. We also need to establish a general database to track the poor, including those who might not be receiving services. We need to know, by demographic as well as geographic descriptors, who the poor are, where they are, and what their varying needs are, in order to be able to target areas and groups with a high incidence of poverty.

As far as helping low-income working families, Asset Development Accounts (ADA) (long-term savings accounts for low-income working families) are recommended. The accounts would be established for approved purposes only, including the following:

- Maintaining uninterrupted income during a period of unemployment or family emergencies due to illness, incapacity, or death
- Obtaining capital for micro-enterprise development
- Pursuing higher education
- Purchasing equipment to increase the chances of succeeding at work

As far as microfinance is concerned, this report takes the position that microfinance, in its various practices (e.g. some NGOs, like CARE International, distinguish between microfinance and microcredit, in order to emphasize the difference between regular micro financing and seed-capital financing for the poor), has a legitimate and necessary role in alleviating poverty, but that it must incorporate best practices in order to ensure

sustainability. It must also be adaptable to the needs of the poor and responsive to those of the community.

Another approach to developing work opportunities for the poor is to work within communities to promote local jobs that are effective at improving individual situations and contributing to community development, despite typically low wages.

We will examine what is being done and, as a long-term intervention strategy, encourage that successful income-generating and development projects be brought up to scale.

All sectors recognize that Jordan must find ways of reducing dependency on the public sector for the creation of jobs. They also recognize that it is difficult to implement such a policy in times of slow economic growth. We propose a top-level partnership that would not only give visibility to this issue, but also explore opportunities for mutual involvement and enhance the awareness of private employers as to their role in the solution.

Initiatives for improving health and education are also explored. Jordanians enjoy high levels of literacy and educational opportunities. There are children, however, who do not go to school because they do not have uniforms, pencils, or notebooks.

We must also recognize that certain regressive, self-defeating attitudes and behaviors stand as barriers to poverty reduction and must be torn down. For example, there is the notion that not all honest work is honorable. There is also the failure to recognize that a reduction in family size is directly related to a reduction in poverty. While the Ministry of Education (MOE) plays a pivotal role in this area, the responsibility for such broad cultural changes lies with all governmental organizations, NGOs, and community and religious leaders. Leaders in all sectors have the responsibility, not only to agree in principle that certain things must be done, but also to become seriously engaged in identifying the details and taking them to the people.

Like education, poor health status is both an outcome and a cause of poverty, not only in terms of income and opportunity, but also in terms of quality of life. Conversely, good healthcare and delivery systems have a rippling effect of benefits across many areas, slowing the rate of population growth, slowing the rate of urban congestion, preserving village life, saving on family costs and public outlays, and even contributing to job creation. This report examines the links that bind health issues to poverty issues and, by looking at successful programs and unmet needs, develops a blueprint for action.

Background

Poverty in Jordan

Jordan's current economic performance, together with high levels of poverty and unemployment, makes it essential to devise a modern social safety-net system that will serve the Kingdom effectively for the next twenty-five years and beyond. Poverty is a serious problem in Jordan. Depending upon the poverty line used, anywhere from 15 to more than 30 percent of the population falls below that line. The Gulf War and its aftermath, combined with the collapse of oil prices and subsequent drop in worker remittances from neighboring oil-producing countries, tended to raise the rate of poverty sharply in the 1990s. Jordan's unemployment rate, which is estimated at 13.7 percent, may be closer to 25 percent if underemployment is taken into account. In the short term, 8,000 new jobs need to be created to this high level of unemployment. In addition, at least 45,000 new jobs, by some estimates, need to be created each year to absorb workers entering the labor market.

Household Expenditure and Income Survey (HEIS), carried out by the Department of Statistics (DOS), provide the most reliable source of data on poverty for Jordan. The most recent HEIS were conducted in 1992 and 1997, while the next is scheduled for 2002. Since the last survey, real gross domestic product (GDP) has grown at an average of 3.2 percent annually, while the population has grown at an average of 3.1 percent annually. In light of these statistics, it is fair to assume that poverty in terms of the percentage of population has not changed significantly, but poverty in terms of number of poor has increased.

Since they are nationally representative surveys, the 1992 and 1997 HEIS provide the basis for identifying the amount of income needed to support a minimum standard of food and non-food purchases in Jordan. Based on the 1997 HEIS, the World Bank estimated that the poverty line is JD 313.5 per person per year, although other organizations have different calculations of this line.

For the purpose of discussion, this report adopts this poverty line established by the World Bank at JD 313.5.

The poor in Jordan tend to cluster above and below the poverty line. Hence, shocks may move significant numbers of people into or out of poverty. The negative impact of these shocks is amplified, especially among dependent age groups, by increases in the population. While the incidence of poverty has varied in the past decade, it remains on the rise and has become a major social and political issue in Jordan. Although Jordan has some social safety-net mechanisms and programs in place, they are not as effective, well-targeted, or geographically well-distributed as they could be.

While poverty in many developing countries is clearly confined to certain geographical areas, the picture in Jordan appears to be more complicated. On the one hand, the 1997 HEIS shows that 60 percent of the poor in Jordan live in five governorates: Amman, Madaba, Irbid, Jerash, and Ajloun. However, 64 percent of the total population in Jordan lives in these same five governorates. This is to say, the poor in Jordan are clustered around the capital and the areas north of the capital, but this is also where most of the population lives. On the other hand, there are other governorates, especially in rural areas, where population is low, but the number of poor is disproportionately high. Poverty may be more severe in these governorates.

With poverty on the increase in Jordan, there is a need for identifying new governmental programs to help the poorest of the poor and finding new ways to help the working poor lift themselves out of poverty. In order to alleviate poverty effectively, we need to identify who the poor are.

In concurrence with the definition used by the Jordan River Foundation (JRF), the group we define as the poorest of the poor is those families who have nothing, where the family members must take turns to eat breakfast. This group needs direct cash assistance before they need anything else. They are not ready for entrepreneurial development at this point. Their basic needs for security and survival must be met first. The next group, the working poor, can be assisted by improving their opportunities and stimulating a more enterprising attitude in them, in addition to offering them cash assistance. The final group, the near poor, is not technically poor, but hovers close to the poverty line. This group can be tapped for participation and leadership in village development.

Strategic policy initiatives

2.1 Understand, measure, and assess poverty to better target policies and services

Jordan's poor

According to the 1992 and 1997 HEIS and two World Bank studies in 1994 and 1999 on poverty in Jordan, the headcount index of poverty, which measures the percentage of the population living in poverty, declined from 14.4 percent in 1992 to 11.7 percent in 1997. Since 1997, however, GDP growth in Jordan has been on average 3.2 percent annually, while the Jordanian population has been growing at an average of 3.1 percent annually.¹ As a result of these factors, poverty in terms of percentage of poor population has most likely not changed significantly, but poverty in terms of number of poor has probably increased due to high population growth.

Current estimates indicate that perhaps up to one third of the Jordanian population lives beneath the poverty line. The World Bank estimated the poverty line at JD 313.5 per person per year in 1997. For purposes of this report, we are using the definition of poverty as the cost of a minimum standard of both food and non-food items. This is sometimes referred to as the absolute poverty line. A more precise estimate of the number of Jordanians living in poverty will not be available until the next HEIS, planned for 2002, is conducted and its results are available. In the meantime, the profile of the poor in Jordan must be constructed using data from the 1997 HEIS. This section describes proposed strategies and activities related to poverty measurements and profiling, in order to assist in policy planning and programmatic action.

No one knows exactly how many Jordanians are poor today, where they live, or what their demographic characteristics are. The existing data suggests that 60.2 percent of the poor in Jordan live in five governorates (Amman, Madaba, Irbid, Jerash, and Ajloun). In other words, the poor in Jordan are clustered around the capital city and the areas north of the capital, where most of the population lives.

¹ According to DOS, the population growth rate was 3.4 percent in 1997, 3.2 percent in 1998, 3.0 percent in 1999, and 2.8 percent in both 2000 and 2001.

The poverty line chosen for this report, has been selected for operational reasons. However, we need to acknowledge that this line might change for Jordan in future years based on new, updated studies, which in turn might not affect the strategy as a whole, but rather the actual implementation of elements within the strategy.

The poor seem to be over-represented in four governorates: Irbid, Jerash, Ajloun, and Mafraq. According to the most recent statistics (1997), the poverty incidence in Irbid is 27.2 percent, Jerash 2.5 percent, and Ajloun 2.6 percent (representing a total poverty incidence of 32.3 percent), while only 24.1 percent of the population lives in these governorates. In Mafraq, the poverty incidence is even higher at 11.8 percent, while only 4.4 percent of the total population lives in this governorate.

While it is useful as a measure of poverty, the headcount index (HCI) ignores the amount by which the expenditures of the poor fall short of the poverty line.¹ It is therefore important to supplement the headcount index with other measures, such as the poverty gap index. This index measures the depth of poverty by showing in percentage terms how far the average expenditures of the poor fall short of the poverty line.

There are certain poverty-related issues that are usually overlooked in poverty measurement and poverty alleviation program. Among these, the following issues merit special attention in the case of Jordan:

The price of escaping poverty: A number of persons manage to avoid potential poverty or get out of their poverty by resorting to seemingly other, less bitter alternatives or by postponing poverty. Some of these alternatives entail avoiding high cost basic needs such as medication, education, marriage, and having children. Other alternatives entail getting improperly-generated income such as income through overworking or working in unhealthy or unacceptable conditions; working far away from the family; crime, corruption or other illegal activities; child labor; and dishonorable means. Among other alternatives is to sacrifice basic rights such as the case when marrying an inappropriate person, a much older person, and when accepting violence or other forms of abuse.

Such persons do manage to avoid poverty or to get out of poverty, but in exchange they pay the price of ill-health, low education, delayed or no marriage, crime, disintegrated family, social degradation, deprivation from basic human rights. In effect, poverty is replaced by another, perhaps worse, evil; present poverty is postponed to a future poverty for themselves or for their children; or society has to pay the price. It may be argued that as long as these persons are not poor, it is not the responsibility of poverty alleviation programs to deal with their problems. But since poverty is the root cause that leads to these

¹ HCI, the proportion of the total population considered to be poor, is defined as the fraction of the population whose standard of living (income or expenditure) is below the poverty line.

problems, such programs have to include preventive measures to avoid the occurrence of these problems in the first place.

As the unavailability of relevant information is among the main reasons for overlooking the above issue, it is recommended that government administrations, NGOs, statistical departments, research centers, social scientists, human rights activists, and other organizations and persons concerned focus more on investigating the extent of these problems, their relation to poverty, and how to deal with them. At a later stage, it is recommended that the strategy be incorporated with preventive measures to avoid the formation of these problems by poverty-related causes.

Hidden poverty: Often poverty measurement, profile, and mapping are based on household survey data. These surveys provide expenditure, consumption, and income data aggregated on the level of the whole household; they do not provide these data on the level of each member of the household. Accordingly, when using data from these surveys, all the members of a certain household are classified either as poor or as non-poor. However, it is likely that some members of a certain household may get enough calories and other basic needs, thus they are not poor; while other members of the same household may not get enough calories and other basic needs, and thus are poor. This may happen, for example, if some male members get a higher share of food and other basic needs consumed in the house, due to gender discrimination, or if they satisfy some of these basic needs through consumption outside the house. Consequently, poverty measurement, profile, or mapping based on household surveys are incapable of detecting poverty for marginalized groups of individuals such as women, children, the elderly, and the disabled.

To deal with this issue, data from household surveys need to be complemented with data from surveys in which the statistical unit is the individual members of the household instead of the household as a whole. Among such surveys are food consumption surveys in which data on the food consumption for each individual member of the household are collected for a certain period, usually 24 hours. Such a survey may be carried out on a sub-sample of a household survey, thus saving cost and allowing the possibility of studying the relationship between the nutritional and other socioeconomic characteristics of the household. In addition to food consumption, other data reflecting the nutritional status of the individual members of households, including underweight, wasting, and stunting for children, as well as those reflecting other symptoms of malnutrition, such as anemia and calcium deficiency, may be collected in this survey.

Short-term strategies

1) Identify target areas and groups with high incidence of poverty

Conduct a poverty profile study based on existing data to identify target areas and groups with high incidence of poverty, and produce various sets of poverty measurement charts and maps by September 2001 using Geographic Information Systems technology (GIS).

A map book has been produced containing a set of maps depicting poverty gap and incidence on a governorate level, based on the provisional poverty line estimated by the World Bank at JD 313.5 per capita per year. Since total cost of basic needs varies in different areas of Jordan, poverty indicators calculated on the basis of one equal poverty line of the entire country have to be considered estimates. The book also offers various measurements of poverty, including human poverty¹, and depicts the correlation between poverty and certain variables such as family size, level of education, and so on.

The HEIS 2002 will collect data on a household level, using a larger sample size than the previous survey, and will include a specific section on the social dimensions of poverty, in order to depict the socio-cultural aspects of the poor. The survey will also collect the level of assistance received from different poverty programs, in addition to detailed data on both household expenditures (i.e. food and non-food). The data on household expenditures could be used to rank the Jordanian population from the poorest to the richest, while the data on the level of assistance received could be analyzed to see what proportion of the poor receive assistance from which programs. Such data would greatly help Jordanian policy-makers to better target scarce resources to help the poor.

2) Carry out a food consumption survey

It is proposed that the Department of Statistics carry out a food consumption survey on a sub-sample of the 2002/3 Household Expenditure and Income Survey. Once the results of the proposed survey become available, it is recommended that they are used to strengthen the strategy's measures with regards to feminization of poverty and to poverty experienced by other marginalized groups of individuals such as children, the elderly, and the disabled.

¹ Human poverty is a measurement that includes the deprivation of income, in addition to deprivations from other dimensions of human development. These include long and healthy life, knowledge and a decent standard of living.

Medium-term strategies

3) Measure Unsatisfied Basic Needs (UBN) to better integrate poverty measurement with poverty assessment

To meet the need for sufficient information about the social aspects of poverty relative to deprivation and in order to better target areas and groups with high deprivation when making policy and programmatic decisions, we recommend that a study on basic needs be carried out as part of the next HEIS.

The poverty measurement strategy mentioned previously is based on the poverty line approach. Accordingly, it provides much needed information for defining pro-poor economic policies related to income (such as employment, wages, prices, taxes, subsidies, and even some social policies like cash assistance). Social policies in general, however, such as those related to health, education, housing, drinking water, and sewage infrastructure, are better informed through a different poverty measurement approach known as the UBN approach.

A UBN poverty mapping focuses on the social aspects of poverty and thus complements the poverty profile study, which focuses on the economic aspects of poverty.

The purpose of this tool is to assist in generating consensus about specifying basic needs, as well as the threshold at which a given basic need is considered satisfied for Jordan. For example, we have said earlier that, while most of the poor live in and around Amman, the majority of the population also lives there. The poor are not over-represented in the capital city area if we consider only expenditure data or if we measure the entire country by one single monetary standard. The salaries in the capital tend to be higher and thus people in this area tend to fare better when measured by the single expenditure standard. It should be noted that the costs of living in the city are not properly accounted for under a strict income/expenditure measure.

What poverty measurement based on income and expenditure relative to a poverty line ignores are the relative costs to the poor who live in different areas. In the cities, financial costs, added to the effects of overcrowding, the vulnerability of hazardous locations, social fragmentation, and little or no opportunity to supplement income by domestic agricultural endeavors (therefore relying only on the cash economy), make the situation of the urban poor more complex and difficult to categorize. On the other side of that argument is the plight of the rural poor, who, although possibly protected from urban congestion, pollution, and maybe separation from immediate family members in order to pursue employment, may be living under primitive conditions, in overcrowded households, isolated, and deprived from modern facilities and services.

The UBN approach complements the economic measurements with the social aspects of poverty. It will not measure income, but rather the purchasing power of that income.

Benefits of the UBN approach

- Produce estimates of the proportion of the population unable to satisfy its basic needs.
- Determine the characteristics of the population unable to satisfy its basic needs so that this information can be used for targeting purposes in poverty alleviation.
- Construct an index for classifying households by their level of living.
- Determine the relation between income poverty and deprivation.
- Provide information for monitoring the satisfaction of basic needs for the purpose of detecting changes and predicting new trends in the satisfaction of these needs, as well as for following the impact of policies, programs, and other factors on the poor. This is extremely important because without a clear understanding of the impact of governmental programs on the poor, it is possible that these programs are wasting scarce governmental resources to aid the middle—or even the rich—class of the population.

Poverty Mapping Strategy Chart

Goal: Gain a better understanding of poverty measurements and deprivation in Jordan in order to target programs and services better.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Identify by geographic areas poverty measurement and poverty profile in order to determine policies and services	Develop a poverty measurement profile	Develop GIS maps and statistical charts of poverty in Jordan by governorates	H.E. Minister of Social Development has contracted a statistics expert to develop the maps in collaboration with DoS	Costs will be covered by the MoSD from the local currency account for the project	First maps completed September 2001
Gather sufficient information about the social aspects of poverty relative to deprivation in order to target policies and services better	Establish thresholds at which basic needs are considered to be met in Jordan	Produce reports indicating basic needs based on population and geographic classification data available	H.E. Minister of Social Development will contract a statistics expert to produce the map reports in collaboration with DoS	Costs will be covered by the MoSD from the local currency account for the project	Early 2003

2.2 Increase assistance to current National Aid Fund (NAF) beneficiaries and extend assistance to those left out

In Jordan, the major governmental agency providing cash assistance to the poor is NAF. Law No. (36) established NAF in 1986 as an administratively and financially autonomous institution. However, its staff and a certain number of its roles and functions are blended together with those of the Ministry of Social Development (MOSD). NAF's governing body is a thirteen-member Board of Directors, chaired by the Minister of Social Development and vice-chaired by the NAF Director General. Law No. (36) identifies the objectives of NAF as follows:

- Protection and care for needy individuals and households by providing them with recurrent or emergency aid.
- Working to provide or enhance opportunities for work and production for individuals and households through occupational or physical rehabilitation.
- Recommending to the Ministry of Health (MOH) the issuance of health insurance cards for those persons who are beneficiaries of the NAF services, in accordance with the provisions and conditions stipulated in the applied civil health insurance system.
- Providing vocational training for the beneficiary category of NAF at the institutions and parties concerned.
- Conducting scientific research and field studies on NAF and its activities.

Because of the important part NAF plays in assisting the poor, this section describes its functions and offers recommendations to strengthen its programs and improve its role in providing a minimum safety-net to poor Jordanians.

NAF administers a series of cash assistance programs, which are related to its objectives. NAF program rules may change yearly depending on the availability of funds. The programs administered by NAF include the following.

Recurrent Cash Assistance (RCA) assists the poorest of the poor with a monthly cash allowance ranging from a maximum of JD 30 for a one-person household to JD 82 for a ten-person household. NAF defines the poorest of the poor as those households who have no working members and cannot support themselves. This generally includes the following:

- Households with a female head who is widowed or divorced, provided that adult employable males are not part of the household.
- Households with partially or totally disabled members.
- Households where the head of the household is in prison.

- Elderly people (i.e. 60 years of age and over).
- Any other category approved by the board.

Emergency and Exceptional Aid provides a one-time-only cash payment between JD 5 to JD 200 generally to families whose breadwinner is sick, in prison for more than a month, or has died within the preceding two months. Emergencies also include other situations, such as natural catastrophes, the special occasions of Ramadan, school opening season, and other situations deemed exceptional by the Director General of NAF.

Cash Assistance for Handicapped Care can assist families with one to three handicapped children with the approval of the Director General of NAF or his designee. The amount of the payment ranges from JD 20 to JD 60 per month.

Assistance for Physical Rehabilitation and Loans to Beneficiaries provides loans for the purpose of physical rehabilitation (up to JD 600) and for small businesses (JD 4,000) to low-income families meeting the program's eligibility criteria.

Wheat Subsidy provides a monthly supplement of JD 2.80 per person to households who receive RCA benefits and come to NAF to request this benefit.

Health Insurance pays JD 0.50 per month to the MOH on behalf of those recipients of RCA who are not covered by any other health insurance program and request this service.

Of the NAF programs described above, the most important is the RCA, which accounts for between 68 to 75 percent of the total NAF assistance in any given year. The number of households receiving cash transfers from NAF has increased over the years from 8,000 in 1987 to 50,347 as of August 2001. The number of cash transfers or RCA recipients would have been much higher in 2001 had a budget cap not been imposed in January 2001, which requires that NAF stop accepting new applications for RCA and for Physical Rehabilitation Loans. NAF has not kept official statistics on the number of people who have applied for RCA this year, but have been rejected due to lack of funding. However, considering that NAF approved 9,724 applications in 2000, it is reasonable to project that at least this number of applicants would have come this year. Only those who have received cash assistance at the beginning of the year have continued to receive aid.

Despite the increase in the number of recipients in recent years, critical problems remain, especially in the RCA program. According to estimates based upon the 1997 HEIS, the number of individuals living below the poverty line was 523,000 in 1999. As of August 2001, however, NAF provided RCA payments to only 50,347 families or 154,476 individuals. This represents approximately 30 percent of the poor population projected for 1999. Furthermore, the average level of RCA assistance remains very low. For example, as of August 2001, the average assisted household—three members—received

approximately JD 34 per month. Therefore, the average assisted household in 2001 is expected to receive approximately JD 408 per year or about JD 136 per person per year. This places these households far below the poverty line, which is JD 313.5 per person per year. In other words, the RCA program seems to be helping only a small fraction of the poor with meager assistance.

Eligibility process

To qualify for the RCA program, families must verify their income, resources, ownership of real estate property, living arrangement, etc.. In addition to these verifications, NAF conducts at least two family visits (one by field staff and another by headquarters staff) to verify the household's place of residency, family size, employment status, and any other aspects of the household's circumstances. Because of funding limitations and various administrative deficiencies in the organization, it may take several months from the time the family applies for benefits to the time they receive them. Such deficiencies include a lack of standard application procedures and forms, confusing and arbitrary program rules, improper distribution of human resources (i.e. not enough positions assigned to work with clients), inadequately trained staff, a lack of automation, extreme centralization of day-to-day decision-making power, redundant processes, and a lack of cars for workers to conduct family visits. During the long waiting period while applications are processed, applicants must visit the office repeatedly to inquire about the status of their application and make pleas for help. This situation is stressful for staff and clients, a waste of time for office personnel, and an unnecessary hardship and humiliation for poor Jordanians seeking help from their government.

Gaps in assistance

The majority of poor families in Jordan are excluded from NAF benefits. This happens for two main reasons: eligibility rules disqualify most of the poor and funding is insufficient to meet the demand for services. According to estimates based upon the 1997 HEIS, the number of individuals living below the poverty line was 523,000 in 1999. As of August 2001, however, NAF provided RCA payments to only 50,347 families or 154,476 individuals. Ignoring the probable increase in the number of the poor since the time of the study, this means that the RCA program is currently reaching about only 30 percent and excluding 70 percent of the poor population.

Part of this problem lies in the program's policy of assisting only poor households with no working members. The average size of assisted households today is three members, but the average poor household in Jordan has between eight and nine members, with one or two working male (and female) members. In other words, the problem facing most poor families in Jordan is not the lack of working members, but the lack of adequate income. For this reason, the RCA program needs more resources in order to reach the large number

of poor households in Jordan who have working male and female members, yet still fall below the poverty line. Moreover, by focusing on small households with no working or employable males and explicitly rejecting households with able-bodied but unemployed males, the RCA program effectively excludes most of the poor households with employable male and female members. The RCA program may be inadvertently promoting family separation and devaluing work by focusing its attention on non-working, female-headed households and on those individuals who say they cannot work, while denying assistance to the majority of the poor (unemployed or underemployed), intact families.

Administrative and process-related issues

There are no regulations governing the work of NAF; there is only the law that established NAF and the program's rules that are approved by the Board of Directors. These rules are open-ended, allowing for multiple interpretations by administrators and line staff. This, in turn, creates the perception or reality that certain pockets of the organization are granting assistance based on favoritism or external pressure. In addition, program rules often grant subjective decision-making powers to the Director General or his designee, creating the potential for mismanagement or the perception of mismanagement.

Program rules provide disincentives for families to increase their income through employment. Currently, families with employed or able-bodied but unemployed adult children (over 18 years of age) have their assistance reduced by 15 percent for each unemployed adult child and 25 percent for each employed adult child. In addition, if eligible family members have income (earned or unearned), the amount of their grant is reduced by the amount of their income. We propose a different income-counting system whereby families that work are supported, not penalized, for their efforts by not counting a portion of their earnings (known as "income disregard") in computing their grant amount. Although earned income disregards may extend families' receipt of public assistance, they have been found to have a positive impact on employment.

NAF programs generally work in isolation from other governmental and non-governmental services to help the poor. For example, there appears to be little or no connection between NAF's cash assistance programs and employment services, the Health Insurance program, or even other NAF programs.

The lack of an efficient information system and a database impedes accurate and timely processing of requests for assistance and causes rework, confusion, lost applications and verifications, and a lack of useful management reports. Field offices are required to send their case studies to headquarters for review and approval. Because this is a manual process, losses often occur. Replication or replacement of case materials and reports is

difficult and delays for months the delivery of badly-needed services to qualified and desperate citizens.

Organizations cannot improve what they do not measure. Many parts of NAF appear to be unmeasured (if measurements are made, they are not shared with staff as part of an internal process improvement system). For example, it appears that NAF keeps information neither on the number of applications received versus the number that have been approved or denied, nor on the speed with which these applications have been processed. There appears to be no data on the reasons applications are denied, the number of applications pending, the length of time these have been pending, or the reasons why they are still pending. There is no analysis of work-progress by governorate, office, or individual worker. This lack of information raises the question of how the administration knows how its staff and the organization as a whole are performing, as well as which initiatives are yielding positive results and which are not. Perhaps important management decisions are being made based on anecdotal information, rather than on facts.

The NAF system is centralized, uneconomical, and inefficient. The present administrative process requires that all case studies and applications completed by field staff be submitted for review and approval by NAF headquarters in Amman before benefits can be issued to clients. After headquarters staff reviews these case studies (a process that includes a second family visit by headquarters staff, which takes a long time to happen due to the high volume of work and limited availability of vehicles), it gives them to the Director General of NAF or his or her designee, usually the Director of Cash Assistance, for final approval or rejection.

This centralized process marginalizes the field office staff, burdens the headquarters staff with time-consuming, non-strategic activities, and contributes to an inefficient use of resources. This management style is obsolete; it implies that only one person in the entire organization—the one at the very top—is capable of doing things the right way. Even more significantly, it indicates that the organization has not empowered nor trained its personnel properly and trained it properly. Appropriate training would prevent wasting scarce organizational resources.

Some NAF managers have expressed concern about the lack of training for staff and especially for new workers. They say that the staff hired for the organization does not always have a degree in social work and that training for new staff is not available. New staff learns its jobs on its own, which may lead them inadvertently to adopt bad habits from other members of the organization. There are also concerns about the quality of the training curriculum and the capacity of the trainers to train.

NAF's redundant, bureaucratic management style creates costly inefficiencies. Because of the amount of rechecking that the organization's current system requires, it employs too

many people whose only function is to check the work of others. An organization, especially one with limited resources, must strive to use its resources in the most effective and efficient way. Workers that are redundant and engaged in checking the work of others are expensive and add no real value. According to personnel data supplied by NAF, there are 475 staff members working for the organization. Of these, only 172 staff members or 36 percent of the staff provide direct services to clients. (This calculation excludes the 26 social researchers assigned to headquarters.) The rest, or 64 percent of the staff, appear to be holding administrative posts. NAF has enough staff members to do the work but has not allocated them where the work is: serving clients.

Requiring the work of field offices to be reviewed and approved by headquarters also creates costly inefficiencies. If this is being done because field offices are not making correct eligibility determinations, then the first step to correct this problem should be to discover why. It is widely accepted in the management field that staff performance problems are primarily caused by ineffective leadership, inadequate training, poor communication between managers and staff, a high volume of work, and inadequate resources. Assuming that these conditions are also present in NAF, adding another layer of staff to check the work of others is an expensive and inefficient solution to the problem. The best solution is to train staff and managers and to reorganize workers so that more are assigned to direct client services and caseloads are reduced. This reduction in the number of clients per worker, together with automation, training, and the creation and dissemination of comprehensive policies and procedures should improve NAF's efficiency and the quality of its work. NAF should strive to create and maintain an environment that is conducive to excellence, participation, and growth.

NAF's inefficient communication system leads to gaps in information, the misapplication of rules, significant variations in policies and procedures, as well as lack of communication between headquarters and field staff. According to interviews with field directors, there are significant variations in the application process as explained by headquarters and as practiced in the field. For example, there is supposed to be one, initial service request form used by all offices. However, some offices are still not using this form either because they are not aware of it, do not have it, or prefer to use their own system.

NAF staff is intermingled with the MOSD staff, making it difficult to identify and enforce roles and responsibilities of staff assigned to NAF. Some directors indicate that they do not have control over the MOSD staff members seconded to NAF and that these staff members perform or refuse to perform NAF functions assigned to them based on their personal preferences. NAF administrators use this issue as an excuse for their organization's poor performance and limited accountability.

Short-term strategies

1) Subject NAF to a comprehensive management and functional study.

In addition to policy reforms, NAF must undergo a comprehensive management and functional study to ensure that any new resources allocated to it will be used effectively to modernize its structure, procedures, and service-delivery mechanisms, and to improve public confidence in the organization. An expert consultant has been engaged by the Jordan Poverty Alleviation Program (JPAP) and the MOSD for a period of two months to perform such a study.

2) Replace the RCA program with a new, work-oriented Family Income Supplement (FIS) program.

- Make this program available to all eligible individuals and families.
- Increase the amount of assistance to the projected 1999 World Bank poverty level.¹

Policy recommendations

1) Create a new work-oriented FIS program.

The RCA program is no longer adequate to meet the needs of poor people. FIS is envisioned as a work-oriented program that provides incentives for the working poor and the able-to-work, but unemployed to “work themselves” out of poverty. These incentives would be created through reasonable income disregards for those who work or begin working after entering the program. This is to be done by promoting and facilitating education and training of participants who have the potential to increase their job skills to obtain a job or improve their earning potential, through close collaboration with the business sector to identify work and through relevant training opportunities for qualified program participants.

2) Increase the amount of assistance to the projected 1999 World Bank poverty level.²

The current level of assistance for the average family assisted by NAF is JD 34 per month or JD 136 per person per year. It is recommended that the level of assistance be raised to JD 26 per person per month or JD 312 per person per year, close to the poverty line of JD 313.5 per person per year, with the maximum monthly household grant amount capped at the six-member grant level of JD 156 per person per month or JD 1,872 per person per year.

¹ The projected 1999 World Bank poverty level is based on the 1997 poverty line of JD 313.5 per person per year.

² The projected 1999 World Bank poverty level is based on the 1997 poverty line of JD 313.5 per person per year.

This cap is recommended as funds are limited and also to discourage having many children, one of the factors that exacerbates poverty. Even with this cap on benefits, most families, small and large alike, will see an increase in benefits under FIS from the current levels of assistance, and new families will qualify for the first time. Large families will also benefit from income disregards, if they have working members. Most families will fare better under FIS even with the six-member family cap. Appendix A.2 shows the amount of benefits families receive under RCA/Wheat Subsidy programs and the amount they would receive under FIS.

Resources currently allocated to the RCA program need to be increased in order to aid more of the poorest of the poor. Using 1999 projections based upon the 1997 HEIS study, we have calculated cost options for initial implementation of the FIS program in seven governorates (Ajloun, Balqa, Jerash, Ma'an, Madaba, Mafrq, and Tafleh), as well as the entire country. Based on these projections, the cost of implementing FIS is anticipated to range from approximately JD 4.4 million to 56.4 million.

FIS must be a transitional program linked to training and employment for those who are able to work. Currently, there are 10,000 families receiving RCA from NAF who have unemployed children over 18 years of age. Of these, one quarter of the adult children are illiterate, between one-quarter and one-third have primary education, and one-half have nine years of education. These groups should be the prime targets for training programs leading to employment. Training programs for these groups should address basic, and occupational skills. As part of NAF reform and FIS program implementation, consideration will be given to new responsibilities in case management, whereby the researcher links clients to training and employment

Not everybody will be able to work, and some people will always remain on public assistance. However, for those who can work, we must encourage employment so that as many families as possible graduate from poverty, rather than passing it from one generation to another.

In order to meet the goal of linking beneficiaries to training and employment that the FIS stipulates, NAF needs to work closely with the Ministry of Labor (MOL) so that beneficiaries are appropriately targeted, training programs are demand-driven and responsive to the specific needs of the various sectors, and new job opportunities are created to absorb continued increases in the labor force, so that new entrants into the labor force do not become dependent on the government for jobs or cash assistance. In light of this, the MOL is already engaged in setting a framework to identify policies, programs, managerial and administrative initiatives, and improvements in the delivery of services that support poverty alleviation within the mission of MOL, especially those that affect the "working poor" and the long-term unemployed.

Implementation

We propose the implementation of the FIS throughout the entire country on a phased-in approach based on the availability of funds. Under this approach, assistance will be enhanced to current beneficiaries beginning early 2002, with gradual increase of additional poor throughout the year. The total cost for extending assistance to all poor in the entire country, including administrative costs, is projected to be JD 100 million for the first year of full implementation. Included in this amount are administrative costs, including health insurance and operational costs associated with implementation of enhanced benefits and necessary management reforms that must be undertaken at NAF.

The overall objective is to lift all poor up to the poverty level based on resources available. It is realistic to set a target for the first year of implementation that would include 163,000 current NAF beneficiaries, plus an additional 40,000 individuals for a total of 203,000 individuals. Based on current estimates, these constitute 38% of the poor.

3) Fold in smaller NAF programs.

In order to help fund FIS, the Wheat Subsidy program should be folded in with the FIS program. Another way to increase the resources available for the proposed FIS program would be to eliminate many of the smaller, less productive programs currently administered by NAF. Programs such as Vocational Rehabilitation, Physical Rehabilitation, Educational Loans, and Microcredit Loans are quite small and require technical expertise that NAF does not possess. If the main goal of NAF is to provide assistance to as many of the poor as possible while promoting values of work and self-support, then many of these smaller, less significant NAF programs should be eliminated and their resources folded into the FIS program. Beneficiaries of these smaller programs would be included in the FIS program, since what NAF basically provides for them is cash assistance. Program funds should all be folded in, and cash assistance treated as one program that covers various target groups.

For example, if a family of four has a working member, there would be an earned income disregard of 25 percent. If that same family also has a disabled member, the assistance provided would include a higher allowance for that person than the regular JD 30 per person. Thus, the cash assistance given to the family would be as follows; The FIS income threshold for a family of four is JD 1,248 or JD 104 per month. If the head of household's monthly income is JD 100 or JD 1,200 per year, after a 25 percent earned income disregard, the countable income for determining his/her family's FIS monthly grant would be JD 75. The maximum FIS monthly grant for a family of four with no income of JD 104, less JD 75 from earnings would result in an FIS grant of JD 29 per month or JD 348 per year. In addition, a family with a disabled member would receive an extra allowance of JD 30 per month or JD 360 per year. The combination of the JD 360

for the disabled member, plus the JD 348 from FIS, would bring the family's total income from JD 1,200 per year to JD 1,908 or JD 159 per month.

This example illustrates how families would continue to receive assistance subsequent to folding in smaller NAF programs. Administrative costs, however, would be reduced by the elimination of multiple, separate program structures.

The yield from folding in these programs is estimated to be JD 3.3 million. Since this is insufficient to meet existing needs, other funding sources such as Social Productivity Program (SPP) funds and donor assistance must be explored.

4) Revamp eligibility rules.

Current eligibility rules must be revamped to reflect the new approach of supporting work and promoting prevention efforts for long-lasting impact on poverty. Regarding prevention efforts, assistance for families with school-age children should be made conditional upon satisfactory school attendance, as well as timely response to health checkup and immunization schedules. Regarding work, a beneficiary who turns down a job or a training opportunity without a good cause should be removed from the assistance grant. Efforts to alleviate poverty should also be linked to the development of governorates and villages, the rehabilitation of the disabled, adult literacy programs, and family planning initiatives.

5) Ensure no loss of benefits for current beneficiaries.

It should be noted that the current amount of assistance for a family of one under the RCA and the Wheat Subsidy programs combined is JD 32.8. Although we are proposing to provide JD 26 per month per person, we do not want to reduce the level of assistance to households of one since, based on the current eligibility criteria, these recipients appear to be predominantly disabled or aged. Therefore, we propose that in cases of one-person households, the amount of assistance be increased between JD 35 to 50 per month, depending on the availability of funds. Further, we are not proposing to adjust the amount of assistance a family receives depending on the cost of living in the region where they live. This is a deliberate decision so as not to influence population migratory patterns. Since the cost of living is usually higher in urban areas, adjusting the payment depending on the area's cost of living may encourage migration to the cities where grants may be higher.

6) Consider outsourcing the management of NAF.

The skills necessary to manage change are very different from those necessary to manage stability. NAF management practices must be revamped. Current managers do not have the knowledge, vision, leadership, or resources to bring the organization to a new level of performance, management practices, and work standards. By outsourcing the management of NAF for a limited period of time (i.e. three to five years), the organization would be able to revamp its outdated systems and practices. This management contract should be performance-based, and the contractor should have full authority to hire, fire, and transfer staff as needed. Moreover, it is recommended that the successful vendor be one affiliated with a reputable international organization.

As a separate element of this contract, there should be an internal capacity-building or training contract to improve the knowledge, skills, abilities, and attitudes of the entire staff, with special emphasis given to the top management of the organization—those who will continue to lead beyond the life of the contract—including staff from MOSD, NAF, and its Board of Directors, if feasible.

7) Create a blue-ribbon, independent audit team.

Create a blue-ribbon, independent team to conduct random audits and investigations of current recipients from the three main governmental anti-poverty organizations: NAF, the Development and Employment Fund (DEF), and the Agricultural Credit Corporation (ACC).

The purpose of this independent audit team would be to eliminate those recipients who are currently receiving assistance under false or misleading pretenses. It is important to eliminate as many cases of fraud and corruption as possible in all governmental programs to build public confidence and support for future anti-poverty initiatives. While each of the three main governmental organizations now conduct internal audits, an independent audit team with wide investigative powers would reduce the waste of scarce governmental resources and build public confidence in new poverty initiatives.

This society expects its government to provide a social safety-net. Therefore, NAF must be a central part of any attempt to help people survive poverty. This society expects poor Jordanians to live and enjoy the minimum standards of shelter, sanitation, health, and nutrition associated with modern society. It will take years for the expansion of the economy and the creation of jobs to match the annual increase in the labor supply. In the meantime, we have to improve the systems that provide the safety-net. Simple, direct transfer of resources to people who are not able to work or do not have sufficient income from work or other sources to live above poverty must be provided. Therefore, improving the efficiency and effectiveness of NAF must be the top priority.

Growth brings high expectations. Therefore, in order to restore and maintain public confidence, NAF must develop into an organization that is continuously improving, customer-driven, result-oriented, flexible without being capricious, innovative, and fiscally responsible.

NAF Strategy Chart

Goal: Improve the safety net for the poorest of the poor.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Bring Jordan to a state of readiness for implementing long-lasting investment strategies for poverty reduction	Conduct a management and functional study of NAF and implement its recommendations	Modernize structure, procedures, delivery mechanisms, and information systems	MOSD/JPAP	JD 25,000	Completed August 2001
	Transition from welfare to work-oriented program	Replace the RCA program with new FIS program	MOSD/JPAP, SPP, AND NAF	Phased-in implementation Throughout the Kingdom, JD 100 million	Begin early 2002

2.3 Eliminate duplication in assistance programs

An elemental concern, given the multiple dimensions of poverty and scarce resources to tackle this issue, is that assistance gets to those who need it and that it is not wasted by inefficiency or duplication. We need to know who gets assistance, of what type, at what level, and from where, in order to manage the system toward maximum effectiveness and efficiency.

Establishing a National Assistance Database (NAD) for recipients will enable us to access such information and reduce the time it takes to determine eligibility and process applications for assistance.¹ For example, if someone applies to NAF while receiving assistance from Zakat or the Jordanian Hashemite Fund for Human Development (JOHUD), NAD will allow us to find out what type of assistance the applicant is already receiving, given that these organizations are willing to participate.

There are several issues related to the development of NAD that should be taken into account by every participating organization. First, there are some principles that must be agreed to by all concerned in order to develop a database that is comprehensive and accurate. Among them is a clear understanding that NGO independence will not be curtailed; the system designed will be user-friendly; and the procedures will be adaptable to varying capacities and mission objectives among NGOs. Assistance currently provided by such organizations is not limited to cash. For example, some organizations provide in-kind assistance, such as medical care, food, clothing, and wheelchairs. Thus, a decision will have to be made as to which services to track.

When we refer to the database in this section, we are not referring only to an input of data model, but to an interactive system whereby information will be processed and screened for appropriate clearance. In order for each NGO to connect to NAD and participate effectively, some internal setup or development needs to take place first. For NGOs that do not already have an internal database, this will include hardware and software, with an estimated cost of JD 8,500 per NGO, plus connection fees. For those who do already have an internal database, some software development will be necessary, with an estimated cost of up to JD 3,000 per NGO, plus connection fees.

Because of NAF's large scope, NAD will initially build on its existing data bank. Thus, NAF will be the main target for initiating and developing the database. The participation of other organizations will be based on their willingness and their level of participation on

¹ "National Aid Database" is the name given to the database for the purpose of this report.

whether they already have an effective database (e.g. Zakat currently has a simple database, so its level of participation and cost-sharing is expected to be high).¹

National Assistance Database (NAD)—Proposed system

The foundation of NAD is the one-identifier-per-person system based on the beneficiary's national number, since assistance given by NAF and other organizations working in the field is usually provided for Jordanians (except for Zakat, which provides assistance to non-Jordanians). Each organization will be able to continue using its own file number or reference, but the common link will be the beneficiary's national number. The members of families that are currently receiving assistance will have their national numbers entered into the system. The national numbers of new applicants will be entered vis-à-vis their family entries (if already entered) and then screened and cleared by the system.

Bodies involved in NAD



Figure 2.3.1

Each organization will be provided with one standardized entry form for beneficiaries/applicants.

NAD will also link to relevant governmental agencies for the verifications necessary to determine client eligibility for assistance. These agencies include but are not limited to the Civil Status and Passport Department, Social Security, and Zakat.

¹ Zakat recently started using a database application developed in-house using Microsoft Access, to collect data after processing and approval. The system is used on one personal computer at Zakat headquarters, but there is no network (inside the headquarters) installed or even planned in the future. Future plans (i.e. within the next two years) are limited to entering data in the simple database. Automating Zakat will be a big project to undertake since it will involve connecting Zakat offices and local committees around the entire Kingdom.

Most of these links and verifications will be obtained by utilizing the e-government project initiative. This project is now being implemented among governmental agencies. So it is hoped that, by the time the basic entry components of NAD are prepared, links can easily be established with the e-government database already in place to obtain information from the Civil Status and Passport Department, Social Security, and other relevant governmental agencies.

Application process

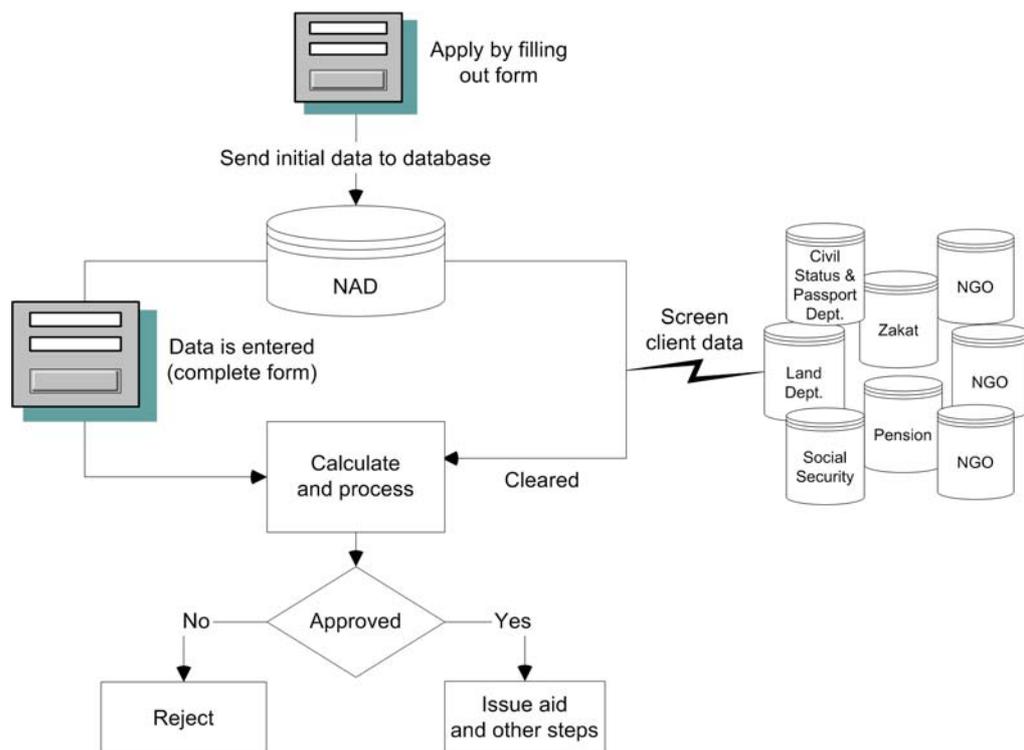


Figure 2.3.2

NAD will be able to link and check the information provided by clients, as illustrated in Figure 2.3.2.

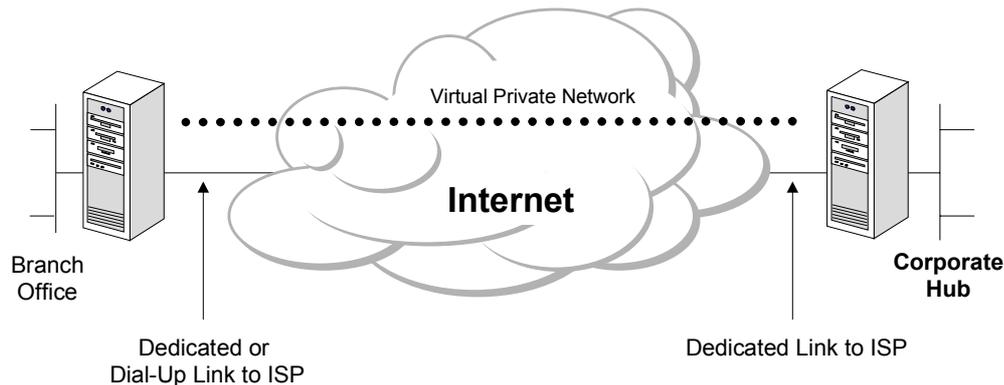
This will be done in a way similar to obtaining approval for credit card purchases, in so far as the information sought after entering the applicant's national number will be immediately checked as to whether his or her name already exists in the system.

The national number will be processed through the system via different agencies to receive either an approval or rejection, in addition to obtaining any additional information necessary (e.g. the amount of client salary received by Social Security). Connection between different bodies will be done via the Internet using Virtual Private Networking (VPN) or Outsourced Corporate Access through service providers, as illustrated in Figure

2.3.3. Both will ensure security and will reduce the cost of connection. This approach will also prepare the system for accommodating wireless devices in the future.

There will be two ways for Zakat and NGOs to participate in NAD, as illustrated in Figure 2.3.4.

Virtual Private Networking



A way to use the Internet as a medium to connect personal computers to corporate servers securely.

Figure 2.3.3

They can join and make use of the system provided by the project, which is centrally linked to the NAF database. This is to say, they can access information without NAF interference, similar to accounting packages that have multi-company accounts in one program. In this way, NAF can obtain the statistics and data related to its applicant, while extra details about the applicant collected by other organizations, which NAF does not need to access, will be blocked.

Alternatively, NAD can be based on data banks already in place at different organizations (e.g. Zakat and some NGOs) and provide an interface to synchronize the already existing data. In such a case, these organizations will need to make sure that they collect the national numbers of applicants and other appropriate data following a standardized format. The system owner and the organization will share the cost of doing this.

In order to provide the best standard application for Zakat and the NGOs, we will begin meeting with all participating agencies. Through these meetings, we will assess what factors participants have in common and recommend what needs to be added to each module

The system will preserve client privacy and ensure no misuse through various levels of security and the tracking of usage. Statistics and regular and *ad hoc* reporting will be available to managers, auditors, and appropriate governmental staff to be used for monitoring and evaluation.

Database participation options

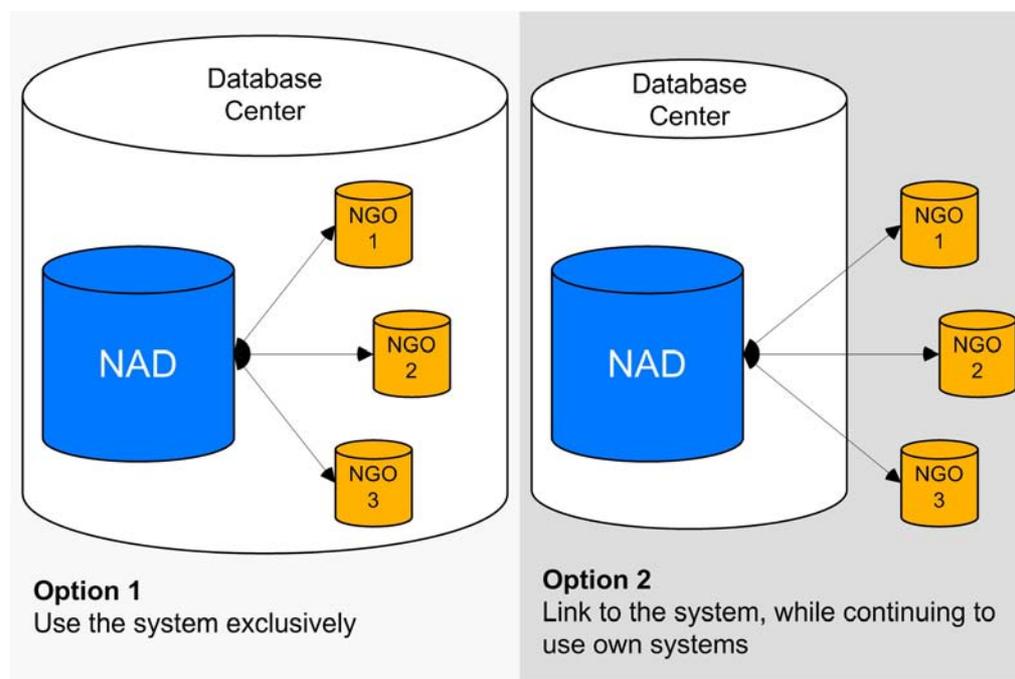


Figure 2.3.4

Phases of NAD system development and implementation

Phase	Phase name	Time frame
0	Design of database	Two months
1	Writing and testing of the system	Two months
2	Implementation at NAF Center	Two months
3	Implementation at NAF branches	18 months (50 percent of branches)
4	Zakat implementation	Begin month 8 to month 25
5	NGO implementation	Begin month 19 to month 25
6	Wireless implementation	Begin month 12 to month 25

Time frame does not include the time allocated for tenders, which could vary if issued by the government or NGOs.

Phases of implementation

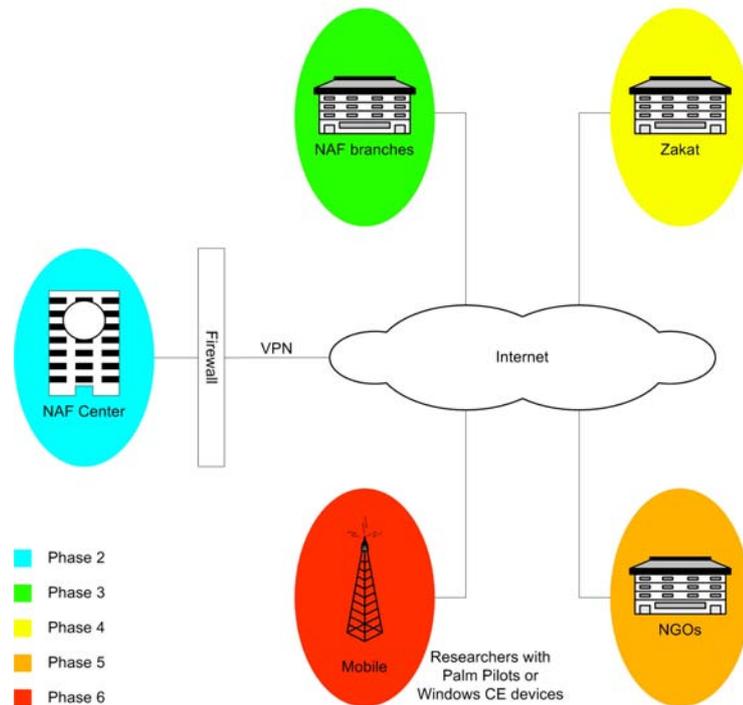


Figure 2.3.5

Phase 0: Design of database

While the database is being designed in this phase, the platform will also be set up; relevant information will be collected from each participating organization, such as Zakat and other NGOs, and the database application will be selected. The database application used will be Oracle 9i, as this application meets the capacity requirements of NAD and their position in the market ensures the long-term stability of the application. Database application selection should be in line with e-government project specifications, so that unexpected costs in the linking phase will be minimized.

If all organizations participate in a unified database center (i.e. a hub), which will include NAD, it will be most cost-effective to install an applications system such as Oracle, since its price depends on the number of processors that will use it.¹ Such an application system will also make linkages with governmental agencies easier. Concepts like *workflow* and *paperless office* should be taken into consideration for data processing requirements.²

By the end of this phase, hardware and software for phases 1 and 2 will be ordered (if needed) to gain time. **Estimated time: two months.**

¹ For example, Oracle charges JD 15,000 per processor with unlimited users for its Internet Developer Suite.

² *Workflow* is the process of moving the documents from one level to another, to get necessary approval and documentation electronically, with proper alarms or "things-to-do" on the user's side. Documents are signed electronically. This will reduce the paper used and increase the speed of processing.

Phase 1: Writing and testing of the system

During this phase, the main application(s) system will be written and tested on samples to see if any changes are needed before implementing NAD. Also, the development servers will be installed. **Estimated time: two months.**

Planned project time line

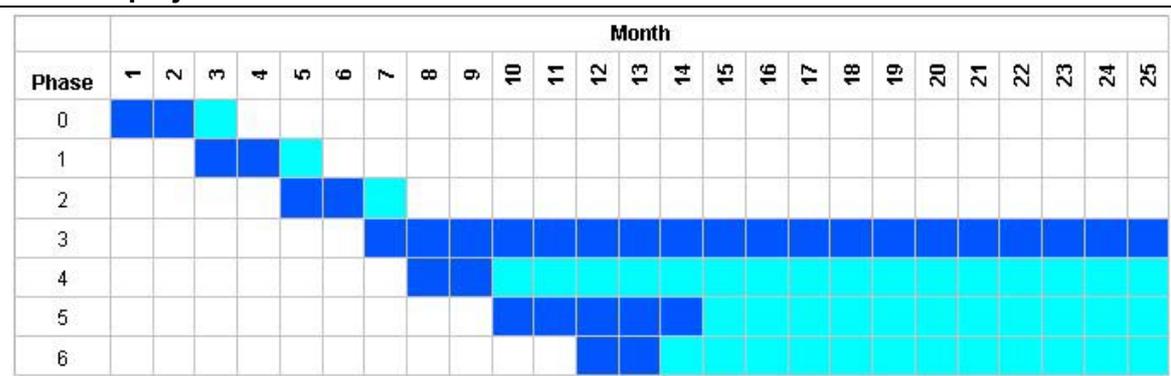


Figure 2.3.6

Phase 2: Implementation at NAF Center

During this phase, the new system will be implemented at NAF Center, as well as one or two pilot branches (e.g. Karak and Amman) to get feedback. User comments and input will be studied to see what should be modified. Some resistance to using the new application should be anticipated. At the start, some issues are expected to arise, such as an increase in the workload for NAF employees (even with converting the data from current systems). Employees may feel that they are losing control over their decision-making.¹ This phase will also include training the staff on the new system and dealing with any outstanding problems related to the interface. **Estimated time: two months.**

Phase 3: Implementation at NAF branches

During this phase, the implementation will expand to NAF branches around the Kingdom. Problems related to connection and security levels assigned to periphery NAF branches may arise. This phase will involve the installation of remote control software or Windows XP, to enable support from NAF Center and reduce support costs. Training will be given to all staff involved. **Estimated time: 18 months** for 50 percent of branches (depending on support and installation team).

¹ In the first stage, the program will help users make decisions and approve cases. Later, this will be done by the system.

Phase 4: Zakat implementation

This phase is to enable Zakat offices to access the new system. This access could vary from secure access from a web-based site to portals, to full use of the client application, depending on the willingness of Zakat to use the new system. Training will be provided for Zakat staff on its premises, based on its level of participation. **Estimated time: two months.**

Phase 5: NGOs implementation

During this phase, NGOs will be able to access the system. NGOs can be partially linked to the system, uploading data from their own applications to the system via a custom-made program. Other NGOs can use the system to view needed information. **Estimated time: depends on number of NGOs and local charitable organizations that would like to be a part of the program as well as the type of link established.**

Phase 6: Wireless implementation

During this phase, Palm Pilots or Windows CE devices will be distributed to field researchers, enabling them to enter data on location. Data can be uploaded and downloaded either at the office or from location via wireless communication.¹ This should reduce time and errors and go in hand with the concepts of *workflow* and *paperless office*. **Estimated time: up to two months**, between writing the application for the Palm Pilots or Windows CE-based units and training the researchers.

Summary of project

- The use of one-identifier-per-client system, using national number.
- Main database hosted by NAF.
- Linkage with other governmental and non-governmental organizations for verification of applicants.
- NGO independence maintained.
- Information-sharing.
- Faster processing.

¹ GPRS have been introduced by both FastLink and MobileCom. GPRS mobiles are always on line and connected to the network. Charges are assessed based on the amount of data transmitted. The use of wireless communication will depend on the need to verify data on location, as well as the relationship between the time consumed due to the number of visits conducted and the cost of wireless communication.

NAD Strategy Chart

Goal: Maximize resources for increasing the efficiency of aid while minimizing duplication and improving services.

Objective	Strategy	Activities	Responsible Entity	Costs/financing	Target date
Prevent duplication of applicants	One identifier per client/case using the national number	Develop a unified database for assistance	Hosted by NAF with voluntary participation of Zakat and other NGOs	Est. JD 90,000	Begin March 2002
Reduce the time of application processing from two months to one week		Standardize application format for entry of national number			
Allow for better statistical information sharing for the whole country	NGO participation	Establish internal setup (hardware, software, and connection)	Donor funding organization	Est. JD 9,000 for each NGO	
Provide low cost of ownership (support and training) for database	NGO participation	Develop internal database (some software and connection)	Donor funding organization	Est. JD 3,000 for each NGO	

2.4 Support sustainable microfinancing and improve economic security of low-income working families

This section gives a general overview of microfinance activity in Jordan. It is estimated that an estimated two-third of the Jordanian workforce in both the formal and informal sectors benefits from this activity, and around JD 1 billion of donor and public sector funds are channeled annually through NGOs and governmental programs to service microcredit. The section first introduces this activity and makes policy recommendations by which it—in its diverse practices—may be improved to offer more sound, efficient, and sustainable services that target their main beneficiaries. Another long-term recommendation incorporated into this section is the creation of ADAs, with which to strengthen the economic solvency of households. The ADAs will target mainly the low-income working families that are clustered close to the poverty line, making them vulnerable to natural or economic contingencies.

Overview

Microfinance activity in Jordan dates back to the 1960s. Local NGOs, governmental programs, and international NGOs, operating microcredit programs (MCPs) in both rural and urban areas, mainly characterize the microfinance environment in Jordan.

As a term, microfinance refers to the institutions that serve the poor through the provision of credit and savings services; “micro” is in reference to the small size of their transactions, with loans as small as JD 70. These institutions are an important tool in development because they enable households, micro (i.e. one to five persons) and small (i.e. 5 to 20 persons) enterprises, and entrepreneurs in creating, owning, and accumulating wealth and assets. Reference in this section to microfinance will be limited to microcredit services. Moreover, the MCPs referred to in this section involve the extension of micro loans to different clients ranging from entrepreneurs to established micro and small enterprises, households, groups, or individuals, with which to start-up businesses in various areas of home-based production, agriculture, services, and trade.

Coverage of this sector is very important because it is estimated that micro and small enterprises employ about two-thirds of the Jordanian work force. Also, the high number of borrowers demonstrates the significance of these institutions in terms of serving a portion of society which cannot access these services in the formal financial sector. Lack of access to financial services (i.e. the absence of both savings and credit mechanisms) is a major constraint limiting the accumulation of assets by the poor.

An overview of microfinance activity in Jordan reveals two main approaches. One is where microfinance is implemented according to best practices. Institutions applying such

practices are financially viable (i.e. operationally sufficient with the aim of becoming fully self-sufficient). Those programs affiliated with the United States Agency for International Development (USAID)-funded Access to Microfinance and Improved Implementation of Policy Reform (AMIR) program operate according to best practices, namely the Jordan Micro Credit Company (JMCC), AL-AHLI Microfinancing Company Ltd (AAMC), and Micro Fund for Women (MFW). The Communities, Habitat and Finance operates with the same philosophy and receives USAID funding but is not part of the AMIR program. There are various stages of financial viability. An institution is considered operationally sufficient when the non-financial costs of operations (salaries and other administrative costs) are covered by program revenues (i.e. interest and fees). Full self-sufficiency is achieved when program revenues cover both the non-financial and financial costs of obtaining loanable funds on a commercial basis. In this case, the organization is not reliant on concessional funding or other subsidies to cover costs. Fully self-sufficient institutions charge an effective real interest rate that is high enough to cover all costs, including potential devaluation due to inflation. The other approach, which is more welfare-oriented and predominant, entails more informal, and unregulated implementation that involves largely subsidized loans and a flexible collection system. Institutions dealing with this latter approach involve governmental programs and local NGOs. The public sector is responsible for supplying 55 percent of cumulative loans disbursed for microcredit activity. In both cases, financial services have been limited to credit, and existing microcredit services are by and large government and/or donor dependent. We must ensure the long-term sustainability of revolving credit funds, without leaving out the people who need them the most. It is, however, essential to take the opportunity to increase the success rate of these funds and take decisive actions to ensure their sustainability.

In the strategy we set forth recommendations to strengthen the financial and service delivery aspects of microcredit programs, especially in relation to government credit institutions and NGO revolving credit funds.

The Jordanian legal environment is currently not conducive to the maturity of microcredit institutions which may support their outreach, scale, and sustainability through saving mobilization and insurance coverage for MCP's. Conversely, there is no cohesive, self-regulatory environment for NGOs, MCPs, and informal financial institutions. The Jordanian, realizing this need, has signed a memorandum of understanding with the Arab Gulf Programme for United Nations Development Programme (AGFUND) to study this issue in more detail with the aim of establishing a bank for the poor.

Selected indicators

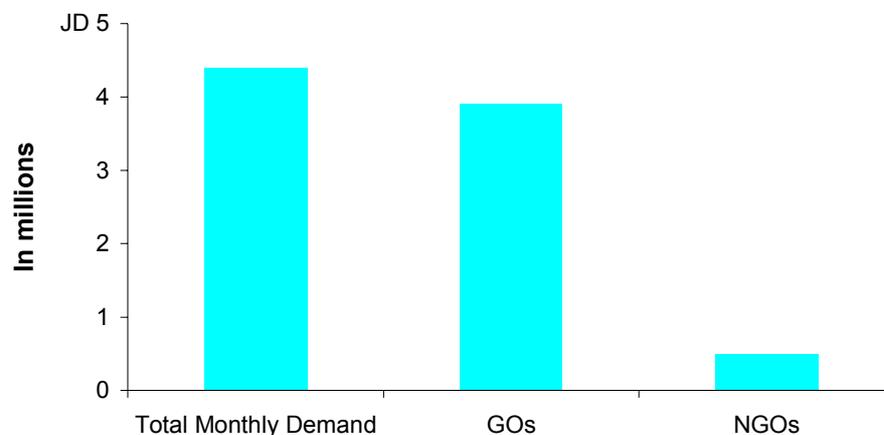
It is difficult hereto to assess the success of microfinance activities in Jordan and the impact they have made on the lives of their clients (i.e. how better-off clients actually are after receiving the loans). There are several reasons for this, mainly the fact that to date,

very few impact assessments have been performed on microcredit activities and that most MCPs operate autonomously, using different systems and methodologies. It is also important to note that microcredit services target different beneficiaries, whether the destitute poor, working poor, near poor, or other segments of society, including the middle and lower income classes, depending on the type of program offering these services. Therefore, not all microcredit services have been set up to reach the poor. Nevertheless, from the range of near-poor clients that are reached, it is hoped that a trickle-down effect may be achieved. The ground for comparison between these activities is not easy, and we will look at basic indicators for purposes of comparison and further assessments on how sound microcredit practices currently are, in terms of their effectiveness in reaching their target beneficiaries.

Scale of operations

An overview of the governmental programs and NGOs offering microfinance services in Jordan is provided in Appendix A.3. As far as the significance of microfinance activity in Jordan, Graph 2.4.1 indicates the estimated monthly demand for microfinance from its major suppliers.

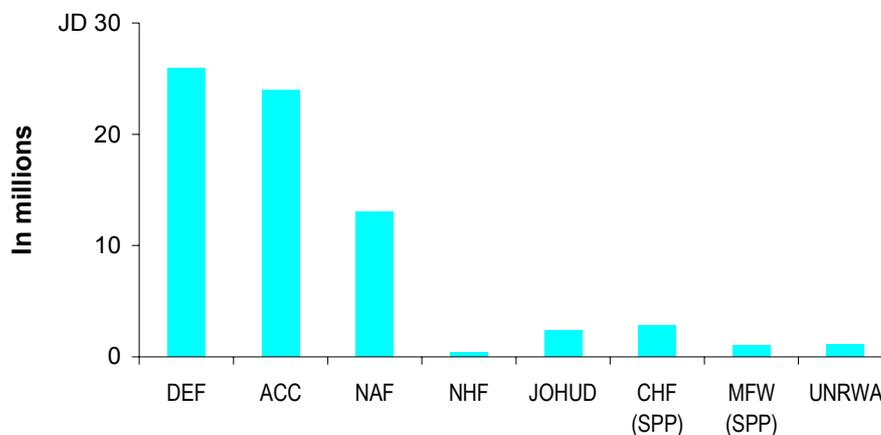
Demand for microfinance from its major suppliers



Graph 2.4.1 (Source: *Social Productivity Program Micro Finance Sector Overview* and interviews with program officers)

Graph 2.4.2 indicates how much money is allocated to microfinance activities in Jordan. This graph does not include funds of other international NGOs operating on a national scale such as CARE International and the Near East Foundation, as well as JMCC and AMC, which are best-practice programs operating in the Amman and Greater Amman areas. Including these programs, the total funds would roughly amount to a total of JD 150 million of cumulative on-lending funds.

Funds for on-lending



Graph 2.4.2

It is evident from the graphs that governmental MCPs operate on a very large scale. The summary table in Appendix A.3 indicates that these programs serve different target groups in different market niches, but also apparently duplicate efforts in administering micro loan programs, all of which are intended to benefit the poor. In addition, most of these programs are facing their own challenges to sustainability because of insufficient repayment rates, insufficient success of the business ventures they finance, or insufficient penetration of micro and small enterprises into the markets. Since 1998, the AMIR program has given over 67,000 micro-loans, with an average loan size of JD 220. The types of enterprises most commonly funded are established coffee shops, butcher shops, and livestock enterprises, which suggests that these loans are having a beneficial impact on working poor who have small businesses.

ACC, on the other hand, makes subsidized loans to poor farmers. In 2000, about 70 percent of the value of ACC loans went to farmers owning less than 15 dunums.¹ DEF provides loans to unemployed persons wishing to establish small enterprises in fields such as industry and agricultural processing. NAF, in addition to its RCA program, provides micro-loans to individuals that are not assisted by any of the other micro-loan programs.

At first glance, NAF and SPP (excluding AMIR) both have broad missions that could benefit from improved coordination and streamlining. NAF is in need of substantial additional resources in order to reach a higher proportion of the poor. One way to increase the resources available to NAF for the cash assistance program would be to eliminate many of the smaller programs currently under its purview. SPP is not so much a program as an umbrella organization funded by 13 other organizations and implemented through 22

¹ One dunum is equal to 1,000 m².

different agencies. It appears that some of the components of SPP have had difficulty spending monies allocated, such as for infrastructure programs. Similarly, ACC and DEF need to improve their repayment rates substantially in order to improve their sustainability.

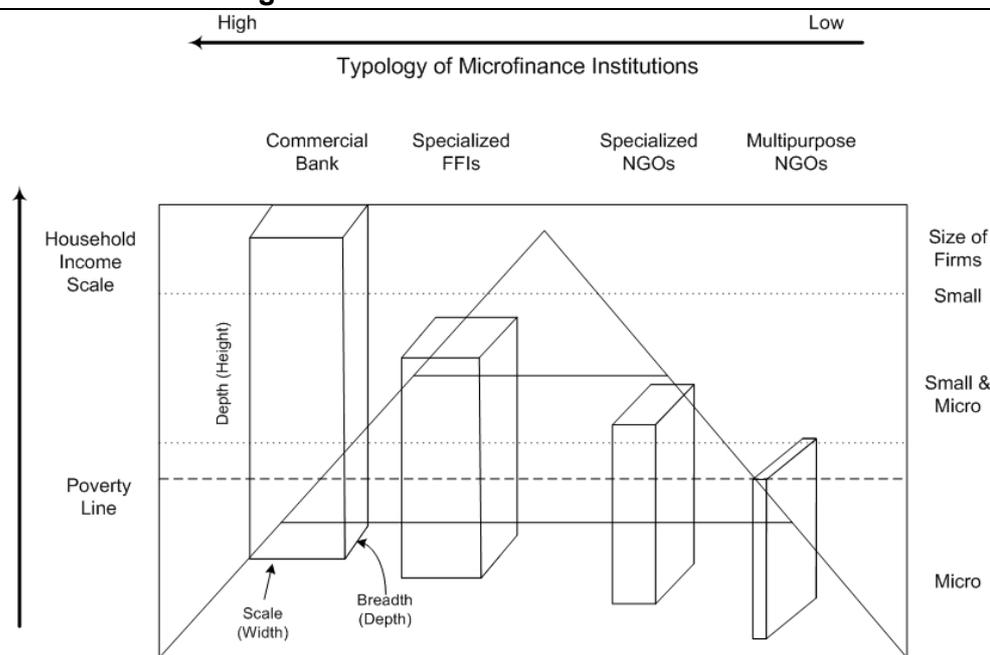
These factors suggest the need for an in-depth look at each of these programs to determine options for maximizing efficiency and effectiveness. Presentation of options should include the desirability and feasibility of combining elements from various programs, leaving each of the organizations leaner, more nimble, and better able to fulfill their primary mission.

Outreach (Depth)

The depth of outreach varies from one program to the next. By depth of outreach, we mean how poor are the poor that are being targeted by the programs. Among the poor in general, not all are potential clients of MCPs. There are some programs that specifically target the poor by design (e.g. offering smaller, subsidized loans for village start-up businesses or home-based handicrafts). Others offer larger loans or loans with higher interest rates to support existing businesses; thus, they do not target the poorest of the poor, who are interested in start-ups. For example, the several programs implemented by Noor Al-Hussein Foundation (NHF) target families with income of less than JD 30 per month. According to our poverty line, if the families targeted have four members or more, then they fall 70 percent or more below the poverty line. On the other hand, there are other programs, such as those implemented by DEF, where loans disbursed have a ceiling of JD 10,000 for start-up businesses. It is unlikely that the borrower eligible for this loan is below the poverty line. Notwithstanding, beneficiaries that are not necessarily poor may fall into the near poor bracket.

Based on the analysis of the available empirical evidence, clients of formal and more suitable microfinance institutions tend to be less poor than clients of NGO's. The chart below illustrates this. The depth of outreach is illustrated by the height of the cubes below the name of each institution. On the other hand, commercial institutions may reach a larger number of poor people than NGOs because of their greater capacity for financial intermediation. This scale of outreach is represented by the width of the cubes. Some microfinance institutions tend to reach a narrow niche of the microenterprise sector. The dominant part of their microenterprise clients are often small traders. This breadth of outreach (in which economic sectors they are engaged) is illustrated by the depth of the cube. The triangle indicates that the vast majority of enterprises in this sector are very small; at this level, the household income of the majority of owners/workers falls below or close to the poverty line. Relatively larger and more prosperous firms are less numerous.

Funds for on-lending



Number of Enterprises

Graph 2.4.3 (Source: Gulli, Hege. *Microfinance and Poverty: Questioning the Conventional Wisdom*. Washington: Inter-American Development Bank, 1998.)

The near poor are an essential group to target in order to ensure sustainable development for the society as a whole. This is the group that can be tapped for participation and leadership in village development. They are, or can be, trained and supported to become leaders in individual or group enterprise development. By training them to be entrepreneurs, upward linkages are created for them to mainstream economic activity. offering effective and sustainable micro-services to this segment would catalyze this process.

The number of women reached in the MCPs is also an important indicator of outreach. Women, in general, are more reluctant to ask for a loan. There are MCPs that specialize in this service delivery and have been successful so far in establishing businesses run by women, although not necessarily owned by them. The MFW, for example, provides loans exclusively for women. Experience has indicated that women are more committed to their businesses and disciplined when it comes to loan repayment. However, caution should be taken to ensure that the women have adequate skills for the types of businesses funded. JOHUD, in association with Oxfam International and the Canadian International Development Agency (CIDA), has recently published an impact assessment.¹ It indicates

¹ Khuloud Al-Khaldi, *The Way Forward: Journeys of Jordanian Women Entrepreneurs* (Amman: Jordanian Hashemite Fund for Human Development, The Small Business Development Center and Oxfam-Québec/OCSD, 2001).

that when businesses go bad, women bear the burden of repayment on their own and at the expense of their families (e.g. they might repay from funds set aside for basic family expenditures).

Scale of outreach

The scale of outreach is the measure of how many people are actually being reached. Most MCP operating in urban areas, generally have a larger client base than those in rural areas. The types of services offered by MCPs vary according to the size of loans and area of operations. Generally, most programs (especially governmental and NGO programs) reach all governorates and areas of the Kingdom. The majority of these programs, however, target remote, rural areas, and most of their services tend to be concentrated in the south.

As far as efforts in rural areas are concerned, the development of informal, rural financial services (including revolving credit funds) is hindered by several constraints, which include the following:

- Dispersed populations and poor transportation and communication facilities, which make unit delivery costs very high for small financial transactions.
- High risk associated with the main economic activity—agriculture—and the difficulties in diversifying away this risk, due to the segmentation markets caused by the above difficulties.
- Strong seasonality associated with the businesses established.

Therefore, a mechanism needs to be developed to manage risk and eliminate unproductive financial activities when providing services in rural areas. The pooling of efforts may be a solution.

Financial performance (portfolio), demand, and growth rate

Interest rates and the effect of inflation on the balance sheet mainly determine financial performance. Most of the programs in Appendix A.3 offer subsidized interest rates, at either fixed or declining rates. The MCPs subsidize loans to make credit more affordable to the poor. However, the institution then depends on a permanent subsidy. Subsidy-dependent programs are always fighting to maintain their levels of activity against budget cuts and seldom grow significantly. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), for example, started its microcredit activity in 1992 with an initial budget of JD 0.5 million. The money has been disbursed in the form of revolving funds, whose initial capital remains deposited in the bank. This capital has grown only by JD 0.5 million in 11 years (not counting inflation and devaluation over the years.) This program and ones similar to it are simply not sustainable,

especially if other microcredit operations (internationally) have shown that they can provide credit and grow on the basis of “high” rates of interest, while serving an ever-greater number of clients along the way. MCPs, however, have full faith in their operations, in spite of the fact that their funds are not growing at a desirable rate. They still regard their services to be beneficial, even in the case where they are welfare-oriented and dependent on grant funding.

Many of the economic activities in which the poor engage have a relatively low return on labor, and access to liquidity and capital can enable the poor to obtain higher returns or take advantage of economic opportunities. The return received on such investments may be many times greater than the interest rate charged.

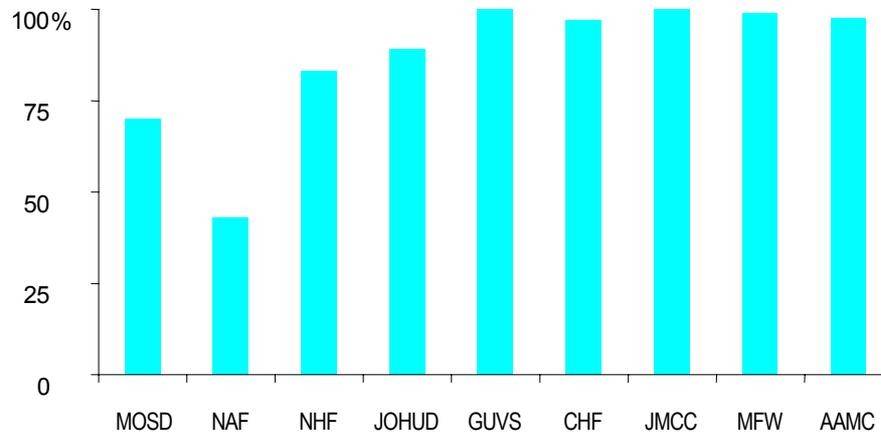
The interest rate, however, is only a small part of the overall transaction cost of credit. If microfinance institutions offer credit on a more accessible basis, substantial costs in terms of time, travel, and paperwork can be reduced, thus benefiting the poor. A series of studies has shown that many programs that charge subsidized interest rates end up using rationing mechanisms to distribute credit in response to excess demand.

Performance standards and reporting

Many people view the repayment rate of an MCP as an indicator not only of its performance standards, but also of its success as a whole. Although they may reflect the performance of an MCP in terms of its efficiency of operations and the success of the businesses it has established, repayment rates are not, in fact, so indicative. The performance of an MCP depends on the types of businesses being established, the nature of the borrowers, and the conditionality of the loan. Governmental loans, for example, are mistaken for grants; so, borrowers are more reluctant to repay, not because they are unable to do so, but rather because they prefer to spend their money somewhere else. This notion (although common) is dangerous because most governmental programs operating microcredit activities use governmental funds, which means scarce resources are being wasted.

Instead, the rate of successful businesses relative to the total number of businesses established should be an indicator of the performance of the MCP. Graph 2.4.4 indicates that repayment rates vary for each MCP.

Accumulative repayment rates



Graph 2.4.4

Cumulative repayment is calculated by dividing the total amount paid by the total amount due over a certain period of time. There are different ways, however, of calculating repayment depending on time and other variables. (e.g. some may include write-offs in calculating the amount which is expected to be paid, while other programs may not.) Therefore, the grounds for comparison are not clear, and repayments could vary for professional, personal, or even seasonal reasons. International best practices usually support a repayment rate of 98 percent and above. Given the range of performance exhibited by the MCPs, any repayment rate below 90 percent will be considered bad performance. This shows that a lot of effort from governmental MCPs is warranted to achieve an acceptable repayment rate.

As far as impact assessment is concerned, Jordanian MCPs do not perform impact assessments of their activities. Therefore, it is difficult to assess the success of programs in terms of tracking the income status of borrowers and determining whether borrowers are actually better-off after receiving the loan.

Best practices

From the range of definitions available, we define best practices as those which emphasize the achievement of operational sufficiency at a minimum, in addition to the maintenance of a good financial portfolio and a high standard of performance. These practices also entail suitable selection criteria for clients, transparent management accounting, and reaching targeted beneficiaries in the most efficient ways.

Microfinance programs that are part of the AMIR program are required to adhere to best practices in micro-lending. It is believed that following such practices minimizes the waste

of resources and ensures successful implementation and outcomes. Because these programs target a specific group by design (i.e. higher interest rates and collateral), they ultimately do not serve the poorer segments of society. Serving these segments and expanding coverage of such operations need to be investigated. An impact assessment of these programs is also required.

The range of practices of MCPs extends from programs that adhere to best practices, to programs that follow some of these practices and others that are purely welfare-oriented. Basically, each program has conceived its own notion of best practices through operational experiences. JOHUD, for example, has experimented with its own best-practice pilot programs, based on its interpretation of best practices as offering higher interest rates and using more rigorous selection criteria. Governmental programs adopt a welfare-oriented approach rather than a best-practice approach to lending. From looking at their performance and rate of business success, the opportunity cost of more flexible assessment of beneficiaries is high in terms of dead or non-returned capital.

The reason for this (other than the fact that the approach of these governmental programs to micro-lending is largely welfare-oriented) is that some beneficiaries misconceive loans from these governmental programs (and some national NGO programs) as grants. Sometimes these programs are run on the periphery of central programs, such as NAF and the MOSD.

Non-financial services

Some programs provide non-financial services, such as technical assistance to their clients through village centers operating credit programs. Some MCPs also provide training to improve their clients' business and technical skills. This, however, is not always the case. Training is an essential component of the MCP; if its clients' skills are neglected or insufficient for their businesses to succeed, then its loans will be less effective. Moreover, given Jordan's slow economy and limited market niche, it seems that support services such as consulting, market research, and business feasibility analysis are critical for the success of MCPs today. A mechanism needs to be devised to incorporate such components into MCP activities without endangering their sustainability, either through shared facilities for training, and advisory services or through the establishment of independent business development centers to complement the financial services of MCPs.

Policy recommendations

In order to stimulate the growth and maturity of microfinance activities in Jordan, as well as achieve operational sufficiency, most MCPs need to organize, self-regulate, coordinate, and streamline existing activities. Establishing a network between NGOs for this purpose would be very useful. It would eliminate largely inefficient programs, as well as dependence on donor grants and governmental resources. While growth in the number of borrowers is important, it is equally important that MCPs effectively reach the poor or near poor (especially women), develop self-sufficient institutions, and adhere to sound business practices. A mechanism needs to be put into place for programs serving the rural poor that will improve sustainability over time.

1) Adhere to best practices.

1.A Short-term activity

Develop a database entry system for borrowers. Some MCPs already have a database in place, using various information and systems. It is suggested that one common database be used, so that processes are unified, although inputs may vary. This should be complemented by a system or process to reduce paperwork. This information system should provide a useful tool to cut down the bureaucracy in applications procedures.

1.B Medium-term activity

Increase MCP awareness of best-practice methodologies for managing and collecting small business loans through staff training. Building strong institutional and financial performance would be the focus of technical assistance and a prerequisite for obtaining further donor assistance.

This would entail increasing interest rates on loans. There is a misconception that this would inevitably marginalize the poorest of the poor. In theory, loans with higher interest rates will be more of a burden, but, in practice, this is not necessarily the case. Organizations that disburse larger loans may gradually disburse smaller loans with higher, but declining, interest rates. Also, NGOs with limited capital and a welfare orientation can initially limit lending to those borrowers with businesses that are most likely to succeed. This activity does not necessarily mean emulating the AMIR program's experiences with charging interest rates that are higher than the prevailing bank interest rates, but can be achieved through reaching a common understanding between NGOs offering microcredit as to how they can improve their operations, either individually or jointly through acknowledging what works best for whom, keeping in mind issues of repayment, sustainability, financial performance, and business success. JOHUD and NHF, for

example, have embarked on less paternalistic MC pilot programs, that so far appear to be successful.

1.C Long-term activities

Carry out impact assessment. It is important to find out the extent to which MCPs strengthen businesses and improve the welfare of micro-entrepreneurs and their households. It is the responsibility of both donor agencies and programs to carry out these studies to know if they are meeting their objectives. The mission of many NGOs is to serve the poor, reach poor women, and make a difference to clients by helping them build their asset base. They want to see if the outcome of their programs is consistent with their mission. Thus, many international NGOs see impact assessment not only as serving an accountability function, but also as helping them to improve their programs. Some local NGOs, however, lack the expertise to carry out these studies; others lack the resources. Recently, impact assessments have become regarded as an essential management tool. They can be used to assess how money comes into the household, how credit is used and repaid by the household, and how credit adds to the household's pool of financial resources. They may vary in scope, from longitudinal surveys which cover two-time periods to large-scale, methodologically rigorous surveys which use comparisons between groups of clients and non-clients. One option is to carry out medium-range surveys with the help of field experts over a set period of time.

Ensure loan repayment. With particular reference to governmental programs and revolving credit funds, loan repayment can be ensured through a legal enactment to penalize delinquent borrowers. Conversely, if a self-standardized framework is in place for loan eligibility and credit staff is properly trained for this procedure, loans would only be disbursed after a careful assessment of client status through field visits. Also, the proposed database would provide information on clients who have previously received a loan or been declined more than once.

2) Eliminate inefficiency and lack of accountability in practices.

2.A Short-term activity

Develop a database for each MCP with updated records, including performance portfolio and status of borrowers, in addition to information such as the types of businesses established; this might be accomplished by building upon databases that have already been initiated by a few MCPs. It is important to note that in this process, the confidentiality of individual borrowers must be preserved.

2.B Medium-term activity

It is recommended that the MCPs **use a unified application form and entry system** (one for best practices and one for the subsidized MCP programs), so that the performance of different MCPs can be compared. This would enable more transparent sharing of information. Governmental and NGO programs especially need to pay more attention to identifying and assessing their borrowers prior to disbursing loans, in addition to providing a clear, stringent, and more accountable application procedure.

2.C Long-term activity

Streamline governmental MCPs to increase efficiency and enable more funds to be allocated for client training, technical assistance, and collecting information on clients. This would assist in increasing outreach and expanding clientele. Coordination is essential to help operations of governmental microfinance organizations become operationally sustainable and financially viable. It is recommended that a consultant work with the management and staff of the major poverty programs (NAF, SPP, DEF, and ACC) to determine if any changes need to be made and recommend specific improvements with reference to the issue of coordination. The consultant will look at program missions and activities and thoroughly examine duplication of functions, products, and target groups. The consultant will present options for improvements, including specific implementation plans, timelines, and program elements (if any) which should be eliminated within programs or combined among programs.

3) Expand and transform services.

3.A Short-term activity

Increase coverage and outreach of microfinance activities through increasing awareness. Practitioners can train field experts to use the most efficient techniques for identifying and reaching the poorest families. Also, by collecting and disseminating information on the community level, the needs of each community could be assessed and skills developed to establish services and businesses lacking in the community.

Microcredit serves best those who have identified an economic opportunity and who are in a position to capitalize on that opportunity if they are provided with a small amount of ready cash. Building infrastructure, providing business development and services and training programs are interventions that create conditions and opportunities for project success.

The New World of Microenterprise Finance

3.B Medium-term activities

Establish a research and business support center in each governorate, where research on community needs, market niche, and so on can be conducted to gain a better knowledge about the types of businesses that should be encouraged.

Link training to loan eligibility. Training for certain businesses (and skills) that are lacking in the community, such as marketing, should be a prerequisite to receiving a loan. These services may also be provided by the center.

Moreover, keeping in mind that there is a common understanding between practitioners in the field that financial and non-financial services need to be clearly separated, we recommend NGOs and MCPs to collaborate with initiatives such as the Basic Needs Approach (BNA) already being implemented by NGOs, in order to collect studies and surveys as to what the poor clients being reached really want or aspire to achieve. This may be very helpful in directing them towards relevant businesses and tapping their potential. Alternatively, the business center may collaborate with such initiatives to gain a more comprehensive understanding of their clients, before directing them to the opportunities available.

4) Improve the economic security of low-income working families: Medium term activity.

Create ADAs. Many Jordanians have made progress in the past several years in climbing above the poverty line, but many still are clustered close to the poverty line, making them vulnerable to natural or economic contingencies.

In order to strengthen the economic solvency of these individuals and households, Jordan should have a strategy in place that supports asset-building for this income group. ADAs are proposed.

ADAs are long-term savings accounts for low-income working families. The accounts would be established for approved purposes only, including the following:

- Maintaining uninterrupted income during a period of unemployment or family emergencies due to illness, incapacity or death.
- Obtaining capital for microenterprise development.
- Pursuing higher education.
- Purchasing equipment to increase the chances of succeeding at work.

A household would be eligible if its total annual income is at or under 300 percent of the poverty line, with a cap of JD 5,000 per family. For a family of four, this cap would be JD 3,800 per year. For a family of six or more, it would be JD 5,000 per year.

All households would be eligible to save a maximum total of up to JD 5,000 over a five-year period. As an incentive to save, a preferred option is to provide a free match, which would be added to this account. Alternatively, the match could be provided as a long-term, low-interest loan in order to maximize funds. The amount of the match can be adjusted to suit available financing. The objective is to provide the near poor with security and protection from vulnerability to shocks through incentives and rewards for individual savings.

Under the preferred scheme, the accounts would be set up as a low-cost, long-term savings account, held by a bank, with a separate match/loan fund controlled by an NGO or administering organization. The account holder would always have access to his/her own funds in the account, as well as the interest accrued by his/her savings; but, the account holder's savings only leverage the match if they are used for an approved purpose, having secured the authorization of the administering organization, or left in the account until the time agreed for withdrawal. This account structure fosters accountholder responsibility and assures that the matching/loan funds will not be used inappropriately.

The administering organization will receive a sum of funds (e.g. JD 5,000 per year for five years), from which it may use a maximum of 10 percent for administration functions. The rest of the funds must be used for matching purposes. Administrative functions include: program management; recruiting and enrolling participants; setting up and maintaining records and agreements for all accountholders; coordinating services, such as economic literacy training, business training, entrepreneurial skills, budget training, and credit counseling; satisfying reporting requirements; and monitoring.

Initial financing would be sought from donors for the purpose of establishing a demonstration project designed to determine the following:

- The social, civic, psychological, and economic effects of providing individuals and families with limited income as incentive to accumulate assets by saving a portion of their earned income.
- The extent to which an asset-based policy that promotes savings may be used to enable individuals and families with limited means to increase their economic self-sufficiency.
- The extent to which an asset-based policy stabilizes and improves families and the communities in which they live.

This approach implies an evaluation component, which would be funded separately.

The ADAs would be administered by NGOs and voluntary organizations in various communities, which would determine eligibility of participants, facilitate interaction with banking institutions, and approve any withdrawals to assure they are made for approved purposes only. Local voluntary organizations would provide participants with economic literacy and other relevant training.

Microfinance and ADA Strategy Charts

Goal: Support sustainable microcredit.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Adhere to best practices	Increase training in and awareness of best practice methodologies	Introduce new methods for implementing best practices	AMIR MCPs can share experience of best practices through workshops and seminars	Minimal administrative support cost	Throughout 2002–03
	Ensure most effective practices for MCPs to reach their target beneficiaries	Encourage better practices for income generating programs	MOSD can host seminars and workshops for MCPs operating revolving credit funds through local village committees in rural areas to share their know-how and expertise		
		Establish an advisory business center for best practices (capacity building and training)	JABA in coordination with community level centers can offer advisory services and training sessions on managing and collecting small business loans	Administrative costs (To be determined) Participation costs to be born by participants of MCP credit staff	To be determined
	Support performance standards in microcredit by establishing database for borrower status	Establish a database entry system for lenders to track borrowers and/or update current database with a unified financial reporting standards and format, to be linked with accounting system	NIC can host the server, which will then be independently used by each MCP	Est. JD 30,000 For one common database system to be adapted to all MCPs	

Goal: Support sustainable microcredit. (Cont.)

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Strengthen performance of MCPs	Ensure loan repayment	Link donor funds for microcredit to conditionality on delinquent borrowers and specific clauses in applications procedure	The donor as well as the government should set conditions on repayment issues to penalize delinquent borrowers	To be determined	To be determined
		Provide loan committee officers of NGOs and MCPs with a stipend or incentive to enforce more accountable and stringent lending criteria	Donor funds		
Eliminate inefficiency and lack of accountability	Coordinate and streamline practices of inefficient MCPs	Streamline government MCPs through services of a consultant	SPP may seek advisory service from a local consultant	To be determined	Consultant services 3–5 months
					Implementation by January 2003
Expand services	Identify needs of urban and rural communities, business climate, and business opportunities	Establish advisory research center in each community/ cluster or have one centrally stationed for use of MCPs ¹	Center funded by international donors to be established	To be determined	To be determined
			Local consultant to conduct feasibility study for such a nationwide center		

¹ For the sustainability of such an initiative, MCPs can establish a fee within their operational costs to cover this.

Goal: Support sustainable microcredit. (Cont.)

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Specialized service delivery	Each NGO should build upon its areas of specialty in terms of delivering services and training clients in different occupations	<p>Collect information on community level about what is being done and by whom</p> <p>Look into operations of government MCP (i.e., MOSD and NAF) income-generating activities</p> <p>Possibly change government MCP role from lending and administering loans to that of liaison between MCPs and local communities</p>	<p>JOHUD's local village centers can play a key role</p> <p>JRF might build on their training experiences in the South to expand technical assistance to various areas of the Kingdom</p> <p>Village cluster model can be adopted with the cooperation of NGOs in each area, so efforts and initiatives are not duplicated</p> <p>Using their experience and know know-how on the community level, MOSD staff can serve as a liaison between NGOs (e.g. CARE, NEF), operating on a village level and the communities</p>	To be determined	To be determined

Goal: Improve the economic security of low-income working families.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Help the poor to accumulate assets	Provide incentives to save for approved purposes	Create ADAs	MOP, MOF, or MOSD would have overall administrative responsibility NGOs would administer in the field	JD 5,000 per year for five years Evaluation component funded separately at an estimated JD 10,000 Initial financing for demonstration program expected from external donor resources	January 2003

2.5 Increase employment opportunities in rural areas and secondary towns through Cluster Village Development

Because of the clusters of people in the suburbs in Jordan, especially those around Amman, a mechanism is required to decongest cities by establishing income-generating projects and employment opportunities in rural and secondary towns. In 1980, 60 percent of the total population was urban; in 1998, 78 percent; and today, 80 percent.

Much work is already being done in this area by different organizations in Jordan. We must find out what is working and do more of the same. NHF calls its approach the Quality of Life Project to emphasize that, while economic development is the focus, comprehensive development of the village must occur simultaneously. Included in this approach is the use of art and drama to encourage village discussions, and develop new cultural behavior and attitudes around such topics as family planning, education, and occupational objectives. The Queen Zein Al-Sharaf Institute for Development has adopted the Sustainable Livelihood Approach, which emphasizes five principle areas of development (i.e. human, social, financial, natural, and physical), and adapted it to the reality in Jordan. It is interesting to note that the United Nations Development Programme (UNDP) is focusing on the next Human Development Report. The JOHUD has perhaps the most comprehensive community development network in the country. SPP has invested a lot in community development and infrastructure. CARE International works with voluntary organizations, of which there are over 700 in Jordan and half of which are active. The Ministry of Agriculture (MOA) conducts various income-generating projects particularly to improve the economic conditions of rural women in the eastern districts, such as Muwaqqar. MOA attributes their success in these areas to intense coordination and good relationships with the various actors in the local communities. The common objective of all these organizations is to cultivate locally-managed institutions, which have the capacity to drive the economic and social development of the local community.

Often, these organizations attempt to create new patterns of behavior among the younger generations rather than to change old behavioral patterns. Therefore, while these approaches can generate long-lasting benefits, they also take a long time to yield results, and society at large must be patient in expecting to see change. Cash and other assistance are still integral components of this approach.

In Lebanon, the Cluster Village Development initiative has proven very successful so far and won the commitment of a USAID grant of around USD 30 million. This initiative has targeted 30 rural community clusters, comprised of approximately 245 villages each with an estimated total population of 600,000.

Policy recommendations

We recommend that the Cluster Village Development initiative, which has proven successful in Lebanon, be replicated in Jordan. Such a program will include infrastructure development, income-generating activities, and environmental activities.

Infrastructure activities will include maintenance and rehabilitation that accelerate, extend, and complement, but not duplicate governmental efforts. For example, piping and collection systems, storage systems, treatment systems, as well as buildings might be developed or renovated. Other elements required to make such infrastructure operational, including supplies or staff salaries, should be the contribution of the community, government, or another international donor. The SPP initiative for infrastructure development will be looked at, especially in areas where it has had difficulty spending monies allocated.

Income-generating activities would encourage agribusinesses, small-scale industry, local trade, service activities, or investment in cottage industries. For example, they could support food processing activities, such as canning or fruit/vegetable drying. Training and technical assistance can be made available, if necessary, through participating NGOs. These activities will not include funding credit programs, but rather will run in parallel with local organizations or international donor programs operating MCPs.

Environmental activities would work to mitigate pollution, protect health, or preserve natural resources such as reforestations, sanitary drainage, landfills, erosion control, and environmental education and awareness programs.

The interplay between poverty and the environment can either assist or inhibit the simultaneous progress of sustainable economic growth and poverty reduction. Environmental degradation often has an extremely negative impact on the poor, especially as they are frequently forced to live in ecologically vulnerable areas. This means that the poor are often at greater risk during flooding, earthquakes, and droughts. In rural areas, they are generally left with less fertile ground that becomes more rapidly depleted and is more susceptible to erosion. Sustainable environmental management prevents environmental degradation and, hence, promotes poverty reduction by providing broader access to, and increasing the productivity of, the resources on which the poor depend. Sustainable management of biodiversity thus also contributes to food security and the quality of the water, air, and soil.

Natural resource utilization should not be seen only in the context of limiting access and exploitation, but should be viewed from the perspective of sustainable opportunities for poverty reduction.

When communities are empowered, natural resources can serve as a platform of economic opportunity on which social capital can be built. Income-generating schemes can be combined with measures that enhance the environment, such as community development approaches.

For the Cluster Village Development initiative to be effective, the clusters should be composed of communities in close proximity to one another and with similar demographic characteristics and social structures, which is to say communities that face common problems and have the same basic needs. These clusters should be identified initially by the executing NGOs. Currently in Jordan, many villages and municipalities are being merged on a governmental level, which could assist in the identification of clusters in some localities. The money allocated to NGOs is based on specific criteria relating to the location of the cluster, population, and so on.

Municipalities will also play a key role in implementation. Traditionally, municipalities have played a 'service-oriented' role only. They have never been really involved in local development or poverty alleviation. This is very unfortunate because municipalities are legally elected bodies that enjoy a close relationship to local population and understanding of local conditions. They also represent the smallest, most 'locally-based', and arguably the most sustainable government institutions at the local level. They have a huge local development facilitation potential which has not been exploited. The Jordanian government, understanding this 'untapped potential', is trying to integrate municipalities in the local development/poverty alleviation equation. Recent efforts such as municipal amalgamation, and the strengthening and re-defining of municipal recognize the importance of municipalities in local development.

In addition, local community committees, which are representative of the community with regard to gender, socio-economic and ethnic groups, social and religious institutions, significant NGOs, and political leadership, must be formed from citizen groups, local government, and community-based organizations. The community committees may, in turn, be part of the main governorate committee that is appointed; alternatively, they could be part of an independent multi-village committee, which will be responsible for identifying which projects will be developed and where they will be developed. NGOs will work with these local community committees.

Each NGO is responsible for the development of its clusters over the life of the initiative's implementation. It is important to note that adequate transportation and infrastructure between villages in one cluster is necessary to ensure that all communities in the cluster may access and benefit from any project implemented anywhere in the cluster.

An initiative similar to Cluster Village Development is Healthy Villages, which is funded by World Health Organization (WHO) and hosted by the MOH aims to ensure that the poor have access to adequate healthcare and improve health status. This initiative carries

out assessments of village needs in terms of health, social well-being, employment, and education. These initiatives should be supported, while the community committees established through the Cluster Village Development initiative can build upon these experiences for their community's support and representation.¹

Plans for implementing a program similar to the Cluster Village Development initiative are already underway through the second phase of SPP. This program includes clustering of 50 pilot areas with a commitment from USAID to fund it partially (i.e. JD 5 to 10 million) over a period of five years. Selection criteria for the areas to be clustered and NGOs to participate will be determined once the program is in place. Moreover, committee selection is also to be determined by local NGOs in consultation with SPP program criteria.

In the longer term, we will examine what has been done and encourage that projects which have proven successful be brought up to scale. One approach to developing work opportunities is to work within communities to promote local jobs that are effective at improving individual situations and contributing to community development, despite low wages. The purpose is to increase the productivity of villagers engaged in agriculture, animal husbandry, agro-industries, and any other successful business. This is to be complemented with the necessary infrastructure, skill training, and so on. Activities undertaken in one village are hoped to contribute to the economic prosperity of neighboring villages.

¹ The Healthy Villages approach is explained in more detail in Section 2.7.

Cluster Village Development Strategy Chart

Goal: Decongest urban areas and strengthen village communities.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Assist in income-generating activities, in addition to improving social well-being	Establish community-based centers for the purpose of assistance in income-generating activities, in addition to providing services in health, education, social services, and provision of basic infrastructure in rural areas and secondary towns	<p>Carry out assessment using existing local community development centers (e.g., NHF CDCs) in order to determine the needs of the cluster in terms of business opportunities, health requirements, housing, and necessary infrastructure</p> <p>NGOs work with local committees formed of citizen groups, local government, and community-based organizations</p>	<p>USAID and SPP could carry out preliminary assessment, in coordination with local NGOs</p> <p>NGOs already operating in the communities, in addition to community-based voluntary centers</p>	Based on Lebanon's experience, USD 30 million to support 15 clusters with a population of 600,000	January 2004
	Build on existing experiences in the villages	<p>Each NGO is responsible for the development of its clusters for the life of the initiative's implementation</p> <p>Initiatives such as Healthy Villages will be supported and developed</p> <p>Improvement of living conditions through appropriate housing could also be initiated</p> <p>Activities can be linked with country's overall development strategy (e.g., UNDP initiative for development of IT Centers)</p>	<p>JOHUD and NHF, in addition to MOSD, already have wide coverage; so, they can be a starting point</p>		

2.6 Reduce government's role in the facilitation of job creation

Public/private partnership

Despite hiring freezes, every year the government must continue to create jobs in order to prevent high unemployment. All sectors understand that Jordan must find ways of reducing dependency on the public sector. They also understand, however, that it is difficult to take such an approach in times of slow economic growth. The global economy has weakened, and Jordan is in need of fairly substantial foreign investment to stimulate growth. Nevertheless, the prospects for domestic investment are optimistic, given gradually declining lending rates as well as high expectations for the Aqaba free zone, the telecommunications and tourist industries, and the Qualified Industrial Zones (QIZs). In light of the expected resulting increase in capital formation and other efforts currently underway (such as Jordan Vision 2020 and ongoing economic reforms), this section offers some ideas for a new network of Chief Executive Officers (CEOs) from the private sector and government cabinet ministers.

Poverty anywhere is a threat to prosperity everywhere.

International Labor Organization

As the economy grows, we propose a top-level partnership give visibility to this issue, explore opportunities for mutual involvement, and enhance the awareness of private employers as to their role in the solution. This is proposed as a long-term strategy, in recognition of ongoing global, regional, and domestic economic conditions.

This public/private group would be chaired by the Deputy Prime Minister and composed of CEOs from leading private industrial and service firms (e.g. banks, manufacturers, and trade and transport companies) and certain cabinet ministers, such as the Minister of Planning, the Minister of Finance, the Minister of Labor, the Minister of Industry and Trade, and the Minister of Social Development.

The purpose of this group is to examine various action options and incentives for job creation, since the government and industry are each a part of the solution. The purpose is not to have a private group advise the government on the actions it ought to take, but rather to examine together actions that the public and private sectors can take together. For example:

- Leaders of private industry identify what qualifications and skills they need from employees so that governmental training programs can be more responsive to employer needs. These leaders commit to employing successful trainees.
- Tax credits and other incentives are explored to see if they would result in a substantial number of new hires by the private sector.

- A program is created for unemployed youth to be trained to work in private sector jobs that must currently be filled by foreign workers because Jordanians are not interested in filling them. (This would be sort of a modified national service.) DEF coordinates this activity.
- An unemployment fund, sustained by joint contributions of employees (contributing 1–2 percent of their salaries earned) and employers (contributing 3–4 percent of their salaries paid), and maybe even some public funds, is created to assist private sector employees in case of layoffs. We believe that The Social Security Corporation is the best agency to administer this fund, rather than creating a new agency for this purpose. If this idea were pursued, regardless of timing, it would be very important to assure the public of the benefits of these contributions through a public awareness campaign. Therefore, if the employee has no need to use the fund during his/her years of employment, his contributions would be added, with interest, to his/her Social Security pension at the time of retirement. The Social Security Corporation agrees that the above recommendation is a good one and that such insurance schemes, including health insurance, are part of its long-range plans.
- Public pensions are made more portable, regardless of time in service, so that a worker might be encouraged to leave a public job for a private one without losing what he or she has already accrued in the public sector. (A new law has been drafted to address this issue with regard to the social security pension scheme. However, some public sector employees are not registered in Social Security but registered in the Civil Pensions Fund. It is not currently feasible for the Social Security to convert the pensions of those registered in the Civil Pensions Fund, nor is it feasible for those registered in the Civil Pensions Fund to mobilize their pensions after leaving the public sector. This will have to be taken into account when implementing such a scheme.) This relieves the government not only of the continuing salary, but also of the pension that the employee would be entitled to receive upon retirement from public service were he or she to stay on.
- A crucial aspect of the mission of this public/private partnership is educating the private sector about the “profits” of poverty alleviation and how businesses are adversely affected if there is a lack of purchasing power in the market and slow growth in private consumption.
- Among the issues the public/private partnership will be exploring is minimum wages. This is a complex issue currently being studied by various entities. Among its benefits is increased purchasing power for some Jordanians; among its risks is that mandatory

higher wages would jeopardize a portion of the working poor who have low skills. As for low wages in general, this issue also needs further investigation.¹

- This group can also examine and apply options to maximize Jordan's competitive advantage as a result of the establishment of Qualifying Industrial Zones, and Aqaba Special Economic Zone Area (ASEZA) E.U.-Jordan Association Agreement, the Europe Free Trade Agreement (EFTA), accession to the World Trade Organization (WTO), and the ratification of the free trade agreement (FTA) with the United States. Jordan's window of opportunity will narrow as other countries gain accession to the WTO and sign their own FTA.

¹ As for the economic sector, there is a higher income poverty incidence among those working in the private sector than those working in the public sector. Seventy percent of the working poor are employed by the private sector and 28% of them are employed by the public sector. (*Source: ::"Common Country Assessment" for Jordan, UN office 31/3/2001).

Job Facilitation Strategy Chart

Goal: Reduce the government's role in the facilitation of job creation.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Involve business leaders as part of job creation and poverty alleviation	Create a public/private partnership among leaders of private industry and certain Cabinet Ministers	Tax credits and other tax incentives	H.E. Deputy Prime Minister to chair partnership	Administrative support and publicity costs (To be determined)	2003
		Unemployment fund	Social Security long-range plan		
		National service for unemployed youth to work in private sector			
		Expanded portability of government pensions	Civil Pensions Fund in coordination with Prime Ministry and Social Security		
		Examine wages (minimum and low wages)	Prime Ministry and Ministry of Labor, Ministry of Planning		
Examine and apply options to maximise Jordan's competitive advantage	Private sector, ASEZA, QIZs. Ministry of Labor, Ministry of Planning Higher Council for Vocational Training				

2.7 Ensure that the poor have access to high quality healthcare and family planning services within a healthy environment

Poverty is both a consequence and a cause of ill health. Ill health, malnutrition, and high fertility are often reasons why households end up in poverty or sink further into it if they are already poor. Illness in a breadwinner and the resulting loss of income can undermine a poor household's ability to cope financially. Out-of-pocket payments for health services, especially hospital care, can make the difference between a household being poor or not. And high fertility, more common among poor families, places an extra financial burden on households by diluting the resources available to other household members and reducing earning opportunities, especially for women.

Cycle of health and poverty

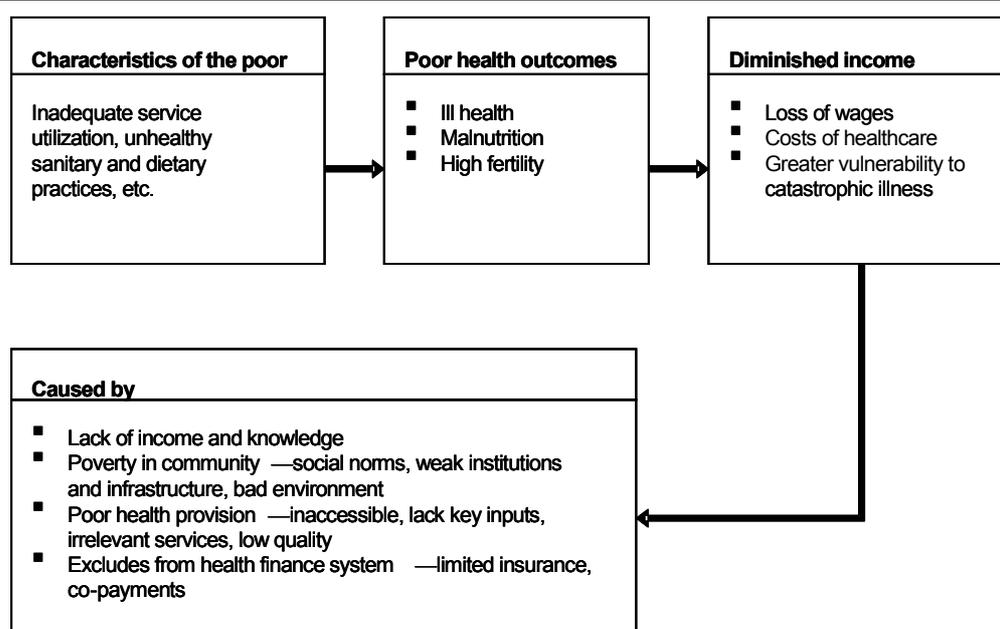


Figure 2.7.1 (Source: World Bank *Poverty Reduction Strategy Sourcebook*)

Poverty is also a cause of ill health. Poor communities suffer from a multiplicity of deprivations which translate into levels of ill health that far exceed the population average. Most obviously, the poor lack the financial resources to pay for health services, food, clean water, good sanitation, and the other key inputs to “producing” good health. Furthermore, poor people are also disadvantaged by a lack of knowledge about prevention and when to seek healthcare. They also tend to live in communities that have weak institutions and social norms that are not conducive to good health. In short, poor people are caught in a

vicious circle—their poverty breeds ill health, and this, in turn, conspires to keep them poor—as illustrated in Figure 2.7.1.

Reducing population growth is a critical link in the chain of events. Good family planning policies and reproductive health services allow countries to break the vicious cycle of poverty and secure a better position in the competitive global market. Unwanted fertility is among the major burdens of poverty. Controlling it contributes directly and indirectly to poverty reduction. The growth, age, composition, and geographic distribution of populations affect and are affected by progress in reducing poverty and improving living conditions.

Poverty and environment

As illustrated in the chart below, environmental conditions have a direct effect on health outcomes especially the quality of drinking water, sanitation, and waste management.

Schematic Representation of Determinants of Poverty

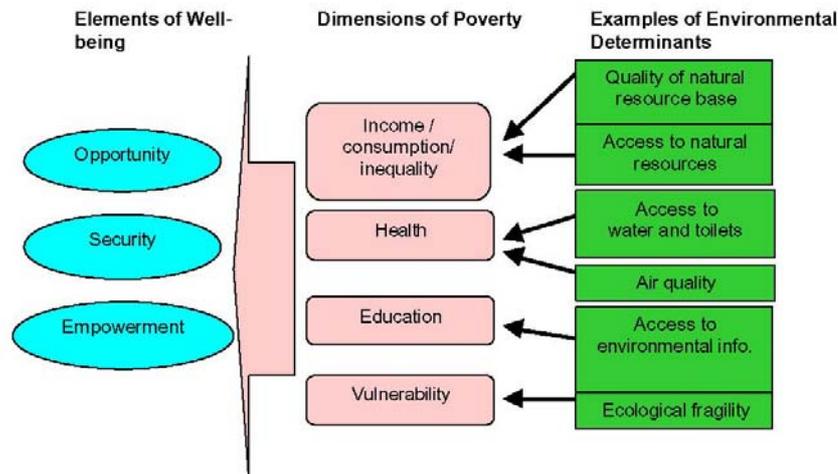


Figure 2.7.2 (Source: World Bank *Poverty Reduction Strategy Sourcebook*, adapted from Bucknall, Kraus and Phillai, 2001)

Environment and poverty are linked in two major ways: poverty alleviation should not damage the environment of the poor, which would only undercut gains in one area with losses in another. Environmental activities can also provide effective ways to empower the poor.

The government and the health sector

Health, along with education, is considered one of the key ultimate goals of development; and recently, health is perceived more clearly as a dimension of poverty in its own right. Governments can do much to improve the health of their populations, especially that of the poor. They can mitigate the effects of low income on health outcomes by reducing the price poor people pay for health and other key goods and services through, for example, health insurance, fee waivers, and targeted food subsidies.

In Jordan, the government has worked over the past ten years to reduce the non-income disadvantages faced by poor people, by improving their access to and knowledge of health services. The infrastructure for health services has been upgraded; centers for healthcare have been allocated in almost every area; access to such centers is easy; and, primary healthcare services are free of charge. The focus now is on improving the quality of services that poor people use.

The government needs to work on reducing income poverty indirectly by reducing the impact of ill health on household living standards. For example, it might modify health-financing arrangements to ensure that people do not face out-of-pocket payments when they fall ill. It might also introduce schemes to provide income-support to households in which the breadwinner is ill and unable to work. It must be noted, though, that funds are extremely limited, and it is vital that they be used wisely to ensure they have the greatest impact.

The government, however, cannot do everything. Good health can be produced in many ways and central to this process are people, as members of households and as members of communities. Good health is not just about what goes on inside health clinics and hospitals; nor is it just a matter of pumping money into health services. Services need to be relevant, accessible, and affordable to poor people. There has to be coordination between the government and the other actors in the health system, such as donors, NGOs, and community organizations. Actors in the system have to be kept well-informed about the costs and benefits of different health interventions, best practices in their delivery, the health risks associated with certain activities and products, the opportunities for obtaining care from different providers, and so on. Good government also means reaching out across ministries. In short, a good government is as much a steward of the health sector as it is a financier and provider of health services.

Looking at the health sector in Jordan

The problems in Jordan are different than those in other developing countries. Jordan is in transition, where it has conquered the threat posed by diseases common in developing countries (i.e. mainly infectious diseases) and is moving toward improving the lifestyles of its people (i.e. fighting chronic diseases) as is the case in developed countries. Life style

behaviors such as dietary habits, smoking, and lack of exercise and stress management are critical factors in winning the fight over chronic diseases. Current health sector reform efforts are directed toward the national health accounts, health administration restructuring, health financing, quality of care, health policy improvement, continuity of funding, as well as privatization of tertiary care services.

In Jordan the input indicators, which reflect the kind and volume of health services provided such as the number of doctors, number of beds, percentage of children immunized, and expenditure on health, are available for analysis and are impressive relative to Arab countries. Yet, certain pockets reflecting input indicators remain unsatisfactory. For example, in tertiary care, the Kingdom has on average 17 beds per 10,000 persons available, yet this figure falls as low as six beds per 10,000 persons in Mafraq. This does not mean that Jordan needs to build more hospitals and provide more beds, but rather that it should organize the provision of services, referrals, and other relevant issues, while taking into consideration the rate of occupancy and stressing prevention.

The output indicators, which reflect the state of health such as the prevalence of disease, unhealthy conditions, underweight and malnourished children, and the number of deaths by cause, also rank Jordan as one of the top achievers among Arab countries in meeting international health goals, despite the fact that the data available on these issues may not be comprehensive. Jordan, however, does not want to be compared to the developing or underdeveloped countries. We expect the Demographic and Health Survey 2002 to be conducted by DOS to provide us with more accurate and comprehensive data regarding Jordanians abilities to reach the levels of industrialized and developed countries and to provide comprehensive health services to all its citizens without placing extra burdens on the general budget.

From 1990 to 1997, governmental expenditures on health increased from JD 95 to JD 171 million. However, total health expenses increased at a higher rate and resulted in a decrease in the share of governmental health expenditure relative to total health expenditure. The share of total governmental expenditure to total governmental budget remains between 8 and 10 percent. The resources spent on health are 9.4 percent of the GDP, the highest in the region except Lebanon. There is a need, however, to improve efficiency while lowering the costs of building and staffing facilities that are underutilized.

The healthcare system in Jordan is made up of three sectors: public, private, and non-governmental. The MOH is the largest public sector health service provider, followed by the Royal Medical Services. The private sector has been developing fast and is directed towards serving not only the country, but also the region (i.e. health tourism). Per the information provided by the ongoing health programs within the Kingdom, the World Bank 1996 report cites that 80 percent of the Jordanian population is insured (68 percent

by the public sector and 12 percent by the private sector). In contrast, *Jordanian Society: Living Conditions in the Hashemite Kingdom of Jordan*, based on information obtained from households, estimates that only 55 percent of Jordanians are covered by health insurance.¹ An unpublished study entitled “Brief Analysis of Preliminary Results of the Jordan Household Utilization and Expenditure Survey” indicates that 60 percent of the Jordanian population is insured.² The survey has also shown that the uninsured are more likely to be male, unmarried, unemployed, urban, and belonging to the lowest income category surveyed.

According to *Jordanian Society: Living Conditions in the Hashemite Kingdom of Jordan*, 55 percent of untreated ill persons reported that the main reason for their not consulting a doctor was reverting to traditional methods or over-the-counter drugs, while 11 percent indicated inability to afford treatment. The percentage of those who indicated that inability to afford treatment was the main reason for not consulting a doctor is much higher for low-income households (30.3 percent) than for middle-income households (5.4 percent) and high-income households (1.6 percent). As income level decreases, the percentage of persons treating themselves with modern medicine (i.e. over-the-counter drugs) decreases, and the percentage of those who cannot afford treatment increases. In other words, while the lack of health insurance tends to drive higher-income households to self-treatment without medical consultation, it tends to prevent low-income households from getting any treatment at all.

Furthermore, according to the “Brief Analysis of Preliminary Results of the Jordan Household Utilization and Expenditure Survey,” the rates of use of MOH centers drop with an increase in income and education.³ It was found that individuals who are poor, illiterate, unemployed or part-time employees, rural, and MOH-insured seek most of their care from MOH centers. These individuals tend to have a poorer health status than rich, more educated, urban, and privately-insured individuals.

Jordan improved and upgraded its services to reach remote areas and deprived communities. Primary healthcare centers are distributed all around the Kingdom, and programs are currently working with these centers to develop the quality of the services they offer, improve the capacity of their personnel and outreach, as well as health awareness and education.

The Primary Healthcare Initiatives (PHCI) project is the largest in Jordan dealing with health centers. Its goals are providing better-quality primary health services to more users, improving the technical efficiency of the primary care system, and maximizing welfare.

¹ Jon Hanssen-Bauer, Jon Pedersen, and Age A. Tiltne, eds., *Jordanian Society: Living Conditions in the Hashemite Kingdom of Jordan* (Oslo: Fafo Institute for Applied Social Science, 1998).

² Dwayne A. Banks, “Brief Analysis of Preliminary Results of the Jordan Household Utilization and Expenditure Survey” (Bethesda, MD: Partnerships for Health Reform Project/Abt Associates, 2001).

³ *Ibid.*

The project integrates complementary activities of training, quality assurance, research, management, information systems, health communication, marketing, and renovations. PHCI is working on reform of, and capacity building within, the 368 primary healthcare centers in the Kingdom; it prioritizes 200 of them, which cover and serve 80 percent of the care-seeking population. PHCI focuses on family healthcare and reproductive health services to respond to the needs of families and maximize the strength of the staff.

The share of primary healthcare in the public sector declined from 20 percent in 1991 to 18 percent in 1997. Since the poor benefit from the preventive and curative basic services provided by primary healthcare relatively more than the non-poor, this change is not in their favor. This, together with the fact that the share of total governmental expenditure on health relative to total health expenditure has also decreased, means that, in the absence of better targeting, the poor are getting relatively less healthcare.

Moreover, with respect to out-of-pocket expenditure on healthcare, the vulnerable groups of the population spend a larger proportion of their income on healthcare than those in the richer segments and, therefore, bear a greater financial burden. As previously indicated, lack of equity in terms of access to healthcare services is not an imperative issue in Jordan. What is imperative, however, is how to make financing of healthcare more equitable for people who are illiterate, elderly, of low-income, and unemployed.

Population growth

Jordan has invested a lot in reproductive health and family planning programs during the last thirty years and has achieved good results. Since 1976, the average number of children per family has declined dramatically by more than 50 percent, from 7.6 to 3.6 today. During this same period, health status has also improved remarkably; so, there is a lower fertility rate (3.7%) but also a lower mortality rate. The gap between the number of births and deaths remains quite large, accounting for the high rate of natural increase, around 2.4 percent annually.

Population Growth

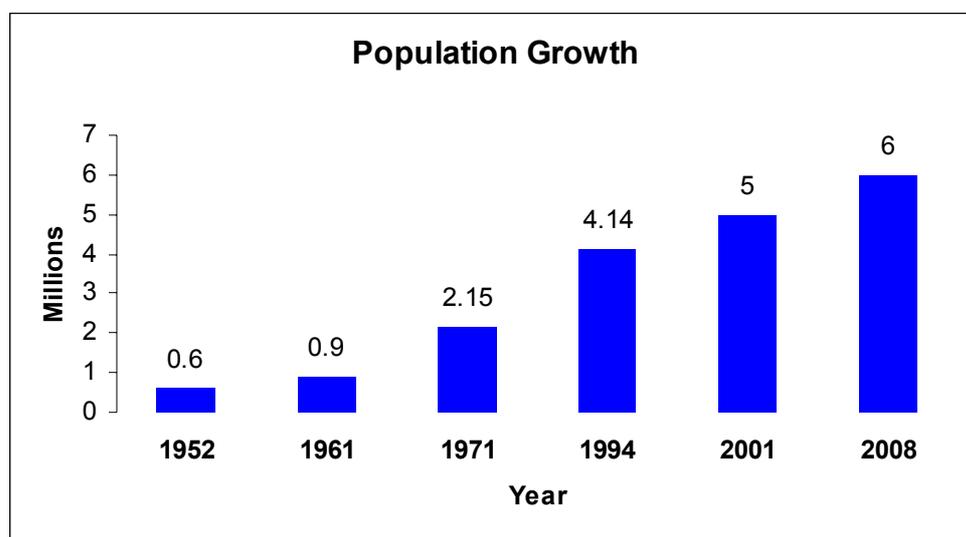


Figure 2.7.3

Including migration, the overall population growth rate is 2.8 percent. Jordan has experienced tremendous population growth, increasing nine-fold in the last 50 years to more than five million persons today. This momentum will continue. The population is young, and the number of couples in the reproductive age is increasing rapidly. Even when fertility rates decline to the replacement level (i.e. the level at which couples have the number of children required to replace themselves, which is about two), population growth will continue. Thus, even if Jordan meets its goal of achieving replacement fertility by 2020, the population will continue to grow for more than 50 years and ultimately more than double its current size to more than 10 million persons. In spite of the collective investments and commitment to the decline of the population growth rate, 150,000 children are born annually and more than 60 percent of the population is less than 25 years old. The strongest correlation to poverty in Jordan is family size. Sixty four percent of the poor live in households with five or more children. At the current number of live births per year, a school for 400 children must be built every day. Every year, 45,000 jobs must be created to prevent high unemployment rates. Children present a heavy financial burden on their parents and on society. They must be fed, cared for, educated, and kept in good health. This population growth also threatens the country's limited natural resources. The demand for scarce water resources will increase, as will the use of arable land. When these children finally are old enough to be productive citizens, they will need jobs. The slow pace of the economy is lamented, but, even with solid economic growth, it will be hard to get ahead, as gains are absorbed by the needs of the growing population.

Jordan still has too many births too closely spaced, initiated when mothers are too young. Almost three-quarters of all births are spaced too closely. These babies have a much higher risk of ill health.

Trends in Contraceptive Prevalence Rates (Women 15 – 49 years old)

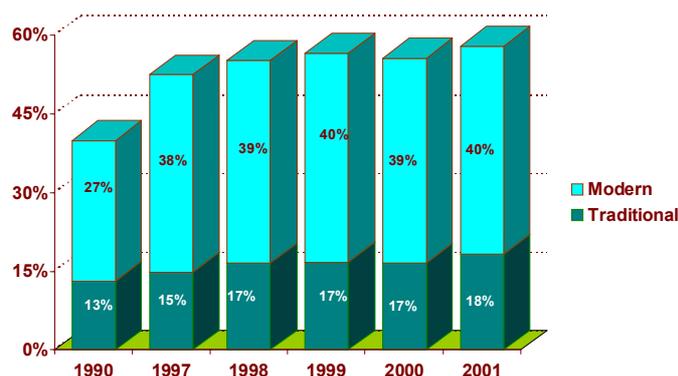


Figure 2.7.4 (Sources: 1990 and 1997 JPFHS, 1999 - 2001 JAFS)

Poor reproductive health undermines women's potential to contribute to increased productivity and family welfare. We must support and expand current approaches that integrate family planning, maternal and child health, and prevention of sexually transmitted diseases. We must also move more deliberately toward integrating girls' education and women's empowerment and economic prosperity.

Policy recommendations

1) Slow population growth.

Poverty and high population growth form a vicious circle that can only be broken if attacked simultaneously. If fewer children are born, then they will receive better education and enjoy the benefits of the conservation of resources and progress. It is well-known that rapid population growth makes it more difficult to provide education and health services, ensure suitable housing, create jobs, and preserve the environment.¹ The question is, how to mount such an attack effectively and in time to forestall more dire consequences?

We know that population policies that are directly linked to social policies have direct impact on girls' education and women's status because, if girls stay in school, they are better informed and delay marriage and child birth. Educated women are better empowered to make decisions. Education reduces gender imbalance, which empowers

¹ A new initiative on housing is in its early stages of development, whereby homes for the poor are being renovated. A concomitant initiative is being undertaken to promote sanitation and other healthy lifestyle aspects as a result of this effort.

women to have a greater capacity to make reproductive health decisions. If women and their husbands postpone having children and have fewer of them, then they can better take advantage of higher educational opportunities. Promoting female education is suggested in Section 2.8 of this report.

Gender-focused projects, like credit or microenterprise, produce higher income and better jobs for women, which in turn reduce the desired family size. Furthermore, having smaller families allows women to participate in these programs. (Refer to Section 2.4 of this report.)

People must be enabled to make informed choices about family size by providing them with the means to do so; namely family planning information, education, supplies, and access. There is a large unmet demand for fertility regulation and family planning. When surveyed, mothers in Jordan said that 37 percent of their last births were either mistimed or not wanted at all.

International competitiveness is the preeminent issue facing governments and private companies around the world. The future of Jordan hinges on our ability to be productive and efficient within the global marketplace...

Jordan Vision 2020

Thus, if these women could be provided with high-quality educational and contraceptive services, they could achieve their wanted fertility level of 2.1 children, or replacement fertility. Therefore, Jordan needs to focus on increasing the prevalence rate and continuation of contraceptive use.

Improved access to and quality of reproductive health services (including a broad range of affordable contraceptive methods) serves couples' needs, improves maternal and child health, and reduces fertility. Fewer unwanted pregnancies and safe deliveries yield lower maternal and infant mortality, as well as lower fertility and population growth.

A very important issue documented in the study entitled *Analysis of Policy and Legal Barriers to Improved Reproductive Health Services in Jordan* is the fact that the gender of the provider is a barrier to acquisition of family planning and reproductive health services.¹ Women prefer female providers for reproductive health services, but female providers are not available in sufficient numbers. Female doctors are reluctant to serve in remote, less-privileged areas and need to be motivated to provide services in those areas. An alternative would be to train and supervise midwives to perform reproductive health and family planning services.

Family planning and reproductive health issues have been identified as vital tools for the reduction of population growth. These subjects must be addressed as part of general health

¹ Hashemite Kingdom of Jordan, Jordan National Population Commission and The Future's Policy Project, *Analysis of Policy and Legal Barriers to Improved Reproductive Health Services in Jordan* (Amman: The Market Research Organization, March 2000).

services and must not be allowed to become an entity on their own in order to respond more strictly to the critical population growth schemes in Jordan. Mother and child centers have been developed in ten areas and are demonstrating promising results. Yet, all of these initiatives are linked to projects and funds. Family planning and population growth should become a daily-integrated health service, rather than dependent upon short-term projects. Patients visiting the centers seeking other types of care need to be approached in a comprehensive manner. All patients at the center should be offered counseling on family planning. Comprehensive revision of records in an effort to understand the family's overall approach to family planning should become an obligation.

Efforts to work with and involve the community in promoting family planning and the use of reproductive health services must be initiated through local role models, such as religious leaders, in order to raise awareness about the benefits of these services and of smaller families. Incentive plans should be linked to other policies and services, such as receiving cash assistance and school uniforms, to encourage parents to have small families.

Some specific issues that should be addressed are as follows:

- Clarify the appropriate role for government, private sector, religious leaders, and non-profit (i.e. third sector) organization.
- Identify ways in which the media can support efforts to raise public awareness.
- Identify laws that need to be changed, if any, regarding the marriage age and other issues, such as a blood test for and the education of couples who are engaged.
- Provide adequate education and counseling for adolescents on the subject of life planning, including reproductive health.
- Ensure that governmental service delivery programs place adequate emphasis on reproductive health and primary healthcare; ensure that resources are not disproportionately spent on curative care.
- Identify ways to increase the participation of men in family planning.
- Study the problem of the insufficient number of female providers and find a solution.
- Plan to make reproductive health services and family planning counseling a regular activity that addresses all patients attending healthcare centers.

Jordanians must work together to formulate bold responses to these and other issues in order to achieve the desired goals.

The established national goal is to reduce overall population growth to 2 percent by 2005 and 1.6 percent by 2010, while reducing the total fertility rate to 3.4 by 2005 and 2.9 by 2010.

Jordan needs to combine and coordinate the efforts of all concerned ministries (i.e. Education, Health, Labor, and Social Development), international organizations, and local NGOs, to sharpen the strategic focus and strengthen the effectiveness of efforts, as well as seek a larger endowment to be able to move ahead more aggressively, rather than depending on year-to-year funding.

2) Provide high quality health services and healthcare for poor communities.

The needs of less-privileged communities, their trend of accessing health services, and their attitudes towards health vary according to individual perceptions. Community mobilization involvement and participation are the best approaches to address these issues in order to stimulate individual responsibility to self health and increase demand for high quality services. Issues related to the poor can be described as follows:

Physical accessibility of services. Studies show that 90 percent of the Jordanian population lives within three km of a health center. In Jordan, as mentioned earlier, accessibility to services is not a problem; but, the knowledge the target groups have about seeking available services is still weak. Although primary healthcare services are adequately distributed across the Kingdom, physically-impaired people and people who lack awareness of health center services still have a problem in seeking and accessing care. Health workers need to become outreach service providers as well as data collectors. They will then be more accountable towards their communities and more aware of its needs and interventions.

Availability of human and material resources. Services are geographically accessible, and essential inputs, such as drugs and vaccines, are available. Yet, there is a need for better qualified and skilled staff, especially in remote areas. Training initiatives to satisfy this need have proven unsuccessful because the turnover of service providers in remote, less-privileged areas is very high; therefore, maintaining high quality services with well-trained staff remains difficult. Motivational plans to attract qualified health workers, especially female service providers, should be developed, as well as training local staff to maximize their capabilities and strengthen their commitment to their own communities. Also, developing incentive schemes, such as better pension systems, an earlier retirement age, or higher salaries for those who serve in the remote or less-privileged areas, could be a means to solving this problem.

Good organizational quality. The way health services are organized (e.g. hours of operation, waiting time, perceived quality, and gender of providers) may deter patients from using services. Currently, availability in terms of convenient work hours and staff is a problem. In most centers, the staff actually work for two to four hours a day, instead of eight, and do not encourage clients to come in the afternoon, although the clinic is officially open. Such organizational factors discourage patients from seeking services at

the centers and may divert them to hospitals, private clinics, or even pharmacies to seek care.

Eight steps to effective coverage for the poor

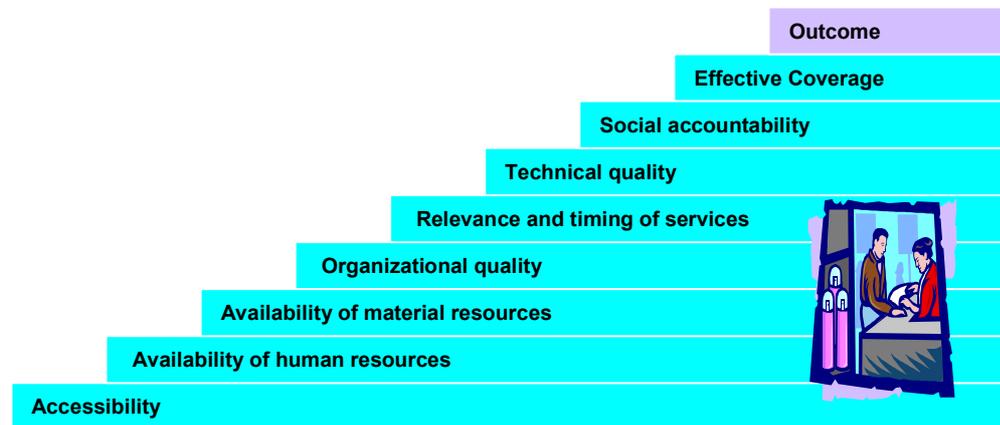


Figure 2.7.5 (Source: World Bank *Poverty Reduction Strategy Sourcebook*)

Relevance of services. The MOSD could be very helpful to the MOH in identifying its target groups, the population that is most vulnerable and needy, and the services this population demands. At the community level, the values and social norms a community shares can make a big difference in health outcomes. Participation of community members in improving the administration of health services can improve social accountability and empower the poor. Furthermore, monitoring and reporting need to be improved, in order to identify, improve, and expand the services that are most relevant to the population seeking care from the health centers.

Continuity. Jordan is dependent in many areas on programs, which result in seasonal interventions that are in turn dependent on funding. The NPC specifically notes this issue. Vertical programs, such as immunization (e.g. polio) and tuberculosis treatment, are ongoing, but the diseases currently prevailing, such as diabetes, heart problems, and high blood pressure, are related more to lifestyle.¹ The continuity of these programs is an essential determinant of efficacy and outcome improvement.

Many of the previously-mentioned points are being addressed by the PHCI. Still, more specific and targeted programs may be developed to complement the current projects, as well as introduce new ideas and methodologies and enhance future planning.

In Egypt, these issues have been addressed in a comprehensive program called *Gold Star*. This campaign identifies one hundred and one quality indicators that, if met, would identify a healthcare center as a high quality center and eligible to receive various benefits

¹ The completion in tuberculosis treatment is expected within nine months, but further monitoring will be necessary.

including enhanced funding and training and publicity. This campaign has been very successful, stimulating many centers to aspire to the Gold Star recognition, thus meeting the need of the people they serve.

3) Develop a comprehensive approach to health improvement.

The World Health Organization (WHO) has developed an approach towards integrated community health and sustainable development called the basic developments needs approach or BDN. The basic developments needs approach is a process that aims at achieving a better quality of life in which the goal of health for all is the most important component. It engages members of communities in less-privileged areas to identify their capabilities and organize their skills. In Jordan, this approach is being implemented by Noor Al-Hussein foundation through its Quality of Life Program and by the Ministry of Health through its Healthy Villages initiative. Together, these two organizations provide technical and financial support to 38 villages. The program addresses several issues, some of which include individual income, making health centers more user-friendly, protecting the environment, improving sanitation and the home environment, and encouraging proper nutrition. This program attends closely to the needs of communities, taking into consideration their norms and cultural values. It currently costs around JD 50,000 per year, according to WHO estimates. In areas where programs like Quality of Life, Healthy Villages, and cluster village development operate simultaneously, they should work in cooperation with each other to minimize duplication and to maximize community cohesiveness. It is recommended that the program be improved by strengthened collaboration to minimize duplication of effort, expanding its dimensions to include increased prevention and heightened awareness through health education, proper sanitation and nutrition, and focused reproductive health/family planning activities. It is also recommended that there be a sharper focus on the poorest of the poor to be sure that they are not left out. The network and know-how with which to promote community participation in the identification and solving of health issues are already available and should be used.

Health Strategy Chart

Goal: Ensure that the poor have access to high quality health care and family planning services

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Minimize population growth	Maximize coordination and cooperation between government bodies, NGOs, and international agencies	<p>Seek consistent funding</p> <p>Develop an aggressive, combined approach to minimize population growth</p> <p>Promote family planning and reproductive health, working directly with less-privileged and remote communities, and addressing their cultural perceptions through the Healthy Villages network</p>	NPC, UNFPA, MOSD, MOH, MOE, WHO, and NGOs	To be determined to ensure continuity of initiatives	Early 2002
Ensure that health services are responsive to community needs and are accessed by community members	Engage community members in identifying their problems and improving their health status	<p>Improve, expand, or replicate the Healthy Villages model</p> <p>Train and recruit local community members to carry out tasks allocated for health and social workers</p> <p>Use mobile centers to reach remote areas</p>	MOH, WHO, MOSD, MOE, NHF, Al-Badia Development Program, and UNDP	<p>Approximately USD 75,000 for expansion of Healthy Villages (1 year)</p> <p>USD 50,000 Costs for training programs depend on size of program and number of trainees</p>	End of 2002

2.8 Ensure that the educational system meets the needs of the poor

Education and poverty in Jordan

Inadequate education is one of the most powerful determinants of poverty; unequal access to educational opportunity is a strong correlate of income inequality as well. Many children in Jordan (the majority of them girls) never enter school, and some 11 percent of the adults remain illiterate. Although basic education in Jordan is free and compulsory, parents sometimes enroll their children in school late or not at all. Compounding this problem is a lack of outreach and enforcement by school authorities. An unacceptable proportion of children who enter school leave without acquiring sustainable literacy. The official dropout and repetition rates indicate that these phenomena do not exceed 1 percent; yet, undocumented estimates from the Directorate of Planning at the MOE place it at no less than four percent. The aforementioned indicators are low relative to developing countries, but there are large pockets of illiteracy and gender differences which make it difficult for certain geographic sectors to be competitive. All this compromises Jordan's efforts to reduce poverty in the long run. Even though these indicators are better than developing countries and neighboring Arab countries, Jordan aspires to attain even better results by promoting education and striving for the eradication of illiteracy.

Research shows the catalytic role that basic education plays in lifting out of poverty those individuals in society who are most likely to be poor: girls, orphans, people with disabilities, and people living in rural areas.¹ Extending adequate, quality basic education or literacy training to disadvantaged individuals is essential for them to contribute to and benefit from economic growth.

Without education investments, which are crucial for sustained economic growth, progress towards long-term poverty reduction is not possible. Education directly contributes to increased worker productivity, as well as more rapid technological adaptation and innovation.

To achieve the greatest impact, Jordan is intent on integrating education into its broader strategy for macroeconomic stability, which is currently being implemented through Vision 2020 initiatives, trade openness, incentives for foreign investment, competitive telecommunications pricing, and adequate infrastructure investments. Without a well-functioning education system, Jordan cannot expect to develop a productive workforce able to take advantage of globalization.

¹ World Bank, *Poverty Reduction Strategy Sourcebook* (Washington D.C., 2001).

Jordan's current focus is on policies for expanding the coverage and improving the quality of the basic education (a ten-year cycle) segment of the educational system, as well as increasing adult literacy through cost-effective programs. Consistent with the International Development Goals, three key goals are cornerstones of the education component of any poverty reduction strategy:

- Raising the percentage of children who acquire an adequate, quality basic education, with the goal of universal primary education by 2015.
- Eliminating gender disparities in primary education by 2005.
- Increasing the percentage of the adult population that is literate.

The need to eliminate gender disparities in education access and opportunities is crucial. Investment in the education of girls produces a high return on investment because

- it leads to higher rates of female participation and productivity in the labor market, and
- it directly supports improved family welfare, which reduces some of the most harmful effects of poverty.

Even with a few years of formal education, women are more likely to plan their families and have fewer children; seek pre and postnatal care, which lowers maternal and infant mortality; and provide children with better nutrition, ensure they are immunized, and procure appropriate medical care, thereby reducing child mortality. Educated girls and women are more likely to send their children to school and keep them there longer. Investing in female education goes a long way towards reducing poverty and promoting economic growth.

One of the most powerful instruments for reducing deprivation and vulnerability is education; which helps lift earnings potential, expands labor mobility, promotes the health of parents and children, and reduces fertility and child mortality.

World Bank Poverty Reduction Strategy Papers

Adult literacy programs are also important in poverty reduction strategies. While the enforcement of basic education for children eventually eradicates adult illiteracy, a generation needs to pass for the impact on incomes and poverty to be felt. Literacy and other basic skills imparted to adults and out-of-school youth through non-formal programs directly improve family income generation, have strong positive impacts on family health status and children's educational attainment, and complement other efforts for poverty alleviation, such as encouraging small business development. Non-formal education programs help equip the poor for economic development and social participation, empowering them not only with reading and writing skills, but also with ways to run a business and manage tasks.

The challenge for Jordan in the promotion of education in poor areas is complicated by other issues including health and sanitation (health and population are addressed in Section 2.7 of this report). Proper nutrition, access to healthcare, and prevention of illnesses and disease all affect the continuity and completion of education cycles. In sum, plans for education must encompass policies that respond to community needs, whether they are related to healthcare or even training in certain areas not related to basic education.

Education in Jordan

Jordan has a high educational status in terms of access to education, and formal and non-formal attainment levels, especially in comparison to other Arab countries.

Since 1989, Jordan has been focusing on reforming its education sector and has concentrated on building schools, especially in underprivileged areas. In *Jordanian Society: Living Conditions in the Hashemite Kingdom of Jordan*, a survey conducted in 1998, 75 percent of those interviewed said they had basic education schools within ten minutes of their houses.¹ Since 1994, the MOE has also begun to build a school wherever ten students in first to fourth grades are gathered. In spite of this, satisfaction with the availability of schools remains lower in rural areas.

If we measure illiteracy by school attendance in the age group 15 to 45, the rate of illiteracy is as low as 11 percent. However, if we measure illiteracy by testing the ability to read and write, the rate of illiteracy goes up to 14 percent. More dramatically, the number of males able to read and write is below half (9 percent) the

In a recent socio-economic survey carried out by the University of Hussein bin Talal entitled *The Socio-economic Survey of Families in the Governorate of Ma'an*, the following results were attained.

Illiteracy rate in the governorate	18.82%
Illiteracy among husbands	23.45
Illiteracy among wives	44.80
Males with higher education	14.80
Females with higher education	15.60
Illiterate mothers	41.70
Mothers with secondary education or less	47.60
Mothers with middle education	7.40
Mothers with first university degree	2.00

number of females (20 percent). Illiteracy rates are as high as 15 percent in some urban areas and 24 percent in rural areas; illiteracy rates for rural women are twice as high as those for urban women and rural men. Additionally, illiteracy rates are higher in older age groups.² There is also significant disparity in illiteracy rates among the different governorates; the illiteracy rate in Ma'an is as high as 28 percent, followed by Mafraq at 27 percent.

¹ Jon Hanssen-Bauer, Jon Pedersen, and Age A. Tiltnes, eds., *Jordanian Society: Living Conditions in the Hashemite Kingdom of Jordan* (Oslo: Fafo Institute for Applied Social Science, 1998).

² *Ibid.*

Rural citizens and women in general are less likely to attain higher education. Traditional thinking of sending the son to university still dominates. As for enrollment in higher education, the trends over the past ten years show an increase in female registration, which reflects the fact that the MOE's outreach efforts have been successful. What still exists and needs to be addressed, however, is late enrollment and a delay in starting school.

Although the MOE has recommended having one counselor with a degree in social work, psychology, or counseling in every school, counseling is not being effectively implemented. Private schools have this service, but public schools, especially those in deprived or less-privileged areas, do not. Counseling is needed to follow up on late enrollment, absenteeism, and dropouts.

Dropout rates are mainly attributed to a lack of interest on the part of children, the need to work or help at home, parental opposition to schooling, repetitive child failure, being below or above legal age at the time of enrollment, lack of transportation, and marriage. Whether they are personal, related to attitude and behavior, or because of poverty, such barriers need to be surmounted.

Vocational training has traditionally not been well-addressed. It attracts mainly those who cannot afford the academic line or those in need of a quick skill to get to work and generate income for their family. Vocational training in Jordan costs the government three times as much as academic education (JD 600 vs. JD 200 per student per year) because costs are calculated depending on the operational cost divided by the number of students enrolled.

Since enrollment is low, there is no economy of scale to lower the unit cost. Vocational training has recently become a government priority. The Economic Consultative Council, formed by His Majesty King Abdullah, has created different sub-councils to address important issues for the development and enhancement of the economy. The sub-council for the development of human resources has

Reasons for school dropouts

- Household factors (e.g. low parent education, poverty, household size, limited space for living)
- Student factors (e.g. dislike of school, illness, household need of child to work)
- Educational environment factors (e.g. shortage of school facilities, unreachable schools, weak school counseling, shortage of health facilities)

established a committee for the Development and Improvement of the Quality for Vocational and Technical Education. This committee has identified several areas of reform to boost vocational training and has come up with several recommendations, some of which are currently being developed and implemented. These recommendations include modifying the rules for the benefit of graduates of vocational training, involving the private sector in planning and restructuring vocational training efforts, and reviewing the quality of curricula and the efficiency of teaching. This is to say that the government

has committed itself to reform and boost vocational education, in recognition of its impact on many economic sectors.

Educational issues linked to poverty

Infrastructure

Since 1994, basic education has been compulsory for first to tenth grades, ages 6 to 16. In light of this, the MOE's Directorate of Planning must make a seat available for each child in this age group. In order to satisfy this demand, the MOE has had to rent buildings that are unsuitable as schools. Thus, classrooms are often overcrowded or poorly equipped, and buildings lack sanitary facilities and recreational areas. In addition, some grades are merged together in an attempt to create multigrade schooling systems. This generates problems that hinder teaching. These conditions tend to raise dropout rates, especially in less-fortunate areas which are most susceptible to such inadequate schooling.

Inadequate facilities. Schools may be physically available, but parents may still not enroll their children because the schools lack electricity or toilets. For example, one of the studies provided by the MOE, Directorate of Planning shows that out of nine open schools in Ruwayshid (a remote area in the governorate of Mafraq), seven do not have access to water and electricity, eight do not have a library, a computer, or a laboratory, and none have workshops. This has a direct impact on the quality of teaching and the child's desire to go to school and learn. Furthermore, parents would rather not send their children to a poor school environment, in order to avoid health problems and the mixing of males and females. This issue is worsened when parents perceive that learning is unimportant in comparison to the need of the child to be at home for housework or income generation.

Multigrade schooling. Another problem is that of students from different grades merged into the same class without teachers skilled for this type of teaching. Many countries have found multigrade schooling (i.e. one teacher teaching more than one grade in a single classroom) to be a cost-effective way of using classroom facilities and providing complete primary schooling in sparsely populated areas. But multigrade teaching works best where teachers are trained to manage a classroom of children spanning different ages, where all students have self-paced learning materials appropriate for their grade, and where older students help tutor younger ones. Research has shown that student learning in such settings compares favorably with that in traditional classrooms. This, unfortunately, is not the case in Jordan. Students of different grades attend the same classroom, but do not necessarily receive proper teaching.

Direct costs of education

Analysis of weak demand conducted by the MOE shows that despite the availability of compulsory “free” education, significant numbers of families do not enroll their children in school because of many factors. Among them are the perceived returns on education given the demands in the labor market, cultural expectations, household income, the direct (e.g. uniforms, books, transportation and miscellaneous fees) and indirect (i.e. opportunity cost of child’s labor) costs of attending school, and, increasingly, family health problems.¹

Supply issues. Dropout and low enrollment rates are attributed to the direct costs that burden the family. The cost of books, uniforms, and other school supplies could be the reason for a child to stay home. There is also a JD 6 yearly fee to be paid for each child as a contribution to schools. Many families are unable to make this contribution, especially when the family size is large. This burden also renders more gender disparities. Parents unable to afford the indirect costs of keeping all of their children in basic education often choose to keep their daughters at home to perform household chores in an effort to avoid perceived security risks, backed by the belief that educating sons will bring greater benefits to the immediate family than educating daughters.

Social support and awareness

Parent Teacher Associations (PTAs). One of the most effective ways of ensuring the enrollment and success of children in school is involving the parents in the school management, activities, and workforce. School councils that have decision power help to develop school targets based on community needs and address issues that are of concern to parents. Eliminating parent fears and involving them in activities are ways of minimizing student dropout. Parents should be able to supervise health and sanitation, as well as ensure that student interaction is up to their expectations. Research shows that parent involvement in school councils has a direct impact on the promotion of female education. Village education committees, which also improve parent knowledge and education, encourage student enrollment and minimize dropout. PTAs in Jordan have been established as part of the recommendations of the MOE but unfortunately have not been as effective in public schools as in private schools. This is also true for counseling.

Counseling. Although each school should have a counselor holding a special education degree who is trained in either psychology, social work, or counseling (a requirement of the MOE), schools in underprivileged areas are not providing this service. It is, however, much more necessary in these areas, where poverty-related issues may be the cause of the child’s low performance, dropout, or non-enrollment. Counseling could be a means for outreach to children and parents, especially to overcome obstacles related to parents’

¹ In some areas, physical access to schools and education centers has been jeopardized because of lack of transportation. Even new centers, like information technology centers and specifically that of Safawi, have reported the need for transportation (e.g. a bus) bring the participants from the surrounding neighborhoods.

opposition to schooling, lack of knowledge, or improper family environment. It could also be a means to provide parents and community members with information on schooling and the importance of education, as well as to receive feedback. Counseling can also be used as a channel to address the handling and guidance of children with special needs through assisting them in identifying with their disabilities and adapting in their current environment, or referring them to a more suitable/educational environment where available. Counselors with special education backgrounds have statistically proven to contribute to minimizing school dropout rates, due to their abilities to identify slow learners and students with learning disabilities. Counselors could be a tool with which information is collected on financial issues and health-related matters that have an impact on the child's performance at school. Various programs, such as Healthy Villages (refer to Section 2.7 of this report), could address the need for counseling services in a comprehensive manner.

Gender disparity issues. Early marriage for females is one of the major causes of school dropout and failure to attain higher education. Community centers, counseling, and family planning programs should all promote primary, secondary, and tertiary education for girls.

The proper education of women, as mentioned earlier, helps in family planning (e.g. number of children, spacing between children, care of household health and sanitation, and education of children). Furthermore, vocational training and job creation should be geared toward girls' interests to provide them with skills to work. Such skills, in turn, will allow girls to become income-generating members of the family, less of a burden on their parents and therefore less susceptible to being pushed into early marriage.

The status of women, and the state of the family in general, is seen to be a litmus test for the state of society.

R. Moore

Early childhood development (ECD).

Out of Jordan's 5 million inhabitants, almost half a million represents children aged 3-5 years. Multiple studies show that investments in Early Childhood Development (ECD) may modify inequalities rooted in poverty and social discrimination, by giving children from disadvantaged backgrounds a fair start in school and in life. These studies also suggest that children in need benefit more from early intervention programs than their more privileged peers. ECD has experienced a surge of policy attention in Jordan over the last few years. His Majesty King Abdullah II and Her Majesty Queen Rania have led the way in recognizing that equitable access to quality early childhood development can strengthen the foundations of life-long learning for all children and support the broad educational and social needs of families.

An early childhood development strategy has been developed by the National Team for Early Childhood Development. The strategy is under the governance of the National Council for Family Affairs (NCFA). The strategy aims among other things to achieve balanced, comprehensive development for children in Jordan and to draw up a general framework for the directions and policies related to early childhood development among concerned institutions and organizations.

Education and health linkages/health and nutrition

The Department of Community Medicine of the Medical School of Jordan University of Science and Technology carried out and submitted to the MOE a longitudinal study of the impact of the MOE provisional school meal program, assessing the nutrition and growth statuses of young school children. Although it is well-known that Vitamin A deficiency is related to stunting, this issue had never been studied before in Jordan because the Kingdom was well-recognized for its vegetable production.¹ Results of the aforementioned study showed that there was a strong need to supply Iron and Vitamin A (and maybe other micronutrients) for nurturing young school children, particularly in the less-fortunate districts of the Kingdom.² More dramatically, the results of this study showed that stunting, but not wasting, was the prevalent pattern of malnutrition in the Kingdom.³

School lunch program.

expand the program horizontally and vertically. Fourth grade students are not currently included in the program except when they merge with third grade students.

First grade milk program. This program includes 40,000 students in the first grade in all governmental schools with the exception of city centers. This program offers students a 125 ml UHT milk package on a daily basis. The main objectives of the program can be summarized as follows:

- Improve nutritional and health status of the students by supplying extra micro and macronutrients.
- Decrease students' consumption of empty caloric foods.
- Positively modify food related habits and attitudes of students.
- Decrease dropout rates.

School milk feeding program. Another program similar to the school meal program is currently under consideration. Tetra Pak East Med has been discussing with the various ministries (i.e. Planning, Education, and Health) the issue of implementing a school milk-feeding program coupled with an educational program dealing with health, nutrition, and the environment. This program has proven successful in Lebanon and is being replicated in other countries in the region. Through this program, children are provided with milk that is packed in a way that gives it a longer shelf life and makes it easier to transport and distribute. The program offers a multiprong educational package including health messages, environmental concerns, crafts, and parental participation and awareness. Tetra Pak provides supervision and control to ensure the quality of the milk produced and given to the children. Tetra Pak coordinates through an NGO for the purchasing and distribution of the milk, as well as the organization of the educational workshops. Other than the overall administration of the program, the utilization of the special machines (which all dairies in Jordan have), and the special Tetra Pak cartons, there is no markup by Tetra Pak involved in the operation of the program.

Children with special needs. Children with severe handicaps are served through a network of special centers administered by the Ministry of Social Development. Other children with mild to moderate disabilities are served in special schools administered by the Ministry of Education. Children with learning problems attend regular schools that provide no special treatment or services to meet their specific needs. Therefore, they are not receiving the proper teaching or a relevant curriculum; in fact, they are being discouraged from attending school because of the difficulties they face. Although it is not recommended that these children be removed from their homes and enrolled in special boarding schools, it is necessary to tailor certain educational services to the needs of these children and, therefore, assist or enable them to perform closer to their potential. Such children need not be a burden on their families and can perform in many ways like any

other child. Parents need to learn about their children's needs, how to handle them, and how to keep them at home. Parents could be motivated to keep their children and look after them properly if they received incentives and appropriate support from the schools. Information on the causes and prevention of birth-related defects should be provided to the parents of children with disabilities as part of the support services offered to help them keep their children at home. This may help prevent further birth-related defects, particularly those caused by interrelated marriages.¹

Adult literacy and information technology

Adult education centers. The MOE has established centers for adult literacy programs. The number of females enrolled in these programs is greater than the number of males. These centers do not work on outreach and focus only on reading and writing skills. To make them more attractive and maximize their potential, these centers could offer services addressing broader community needs, such as training for further employment, running a business, or even vocational skills, especially for women. These centers could also link with the information technology (IT) centers that are currently being established throughout the Kingdom. The IT centers are well-equipped, well-developed, and capable of hosting a multiplicity of programs, thereby reducing the costs to the MOE of maintaining and building literacy centers.

Vocational training

Young Jordanians aged 15-29 comprise 31.4% of the total population. This large number will have an adverse effect on population growth and a high demand on health and educational services. In addition, they will continue to constitute a large percentage of the population for several generations to come. Their role in the labor market will have significant long-term impact on Jordan's development prospects.

The government has established a higher council for vocational education and training to develop this field and benefit from its expected impact on other sectors. Currently, this sector faces several problems, some of which are directly linked to the limitations existing in poor communities.

Low enrollment rates remain an issue attributed to factors discussed hereafter, especially in the south where the enrollment rate is extremely low. According to the reports of the Department of Vocational Training and Production at the MOE, the reasons for low enrollment can be summarized as follows: vocational training traditionally attracts students of poorer or underprivileged communities who have predisposing obstacles such as low income, lower chances to get to university, health problems, low nutritional status, and other problems including transportation, need to work at home, etc.

¹ According to the MOSD, almost 50 percent of birth defects are caused by interrelated marriages.

Student training and experience. Setting up vocational training centers is expensive and the rate of depreciation on equipment tends to be very high due to the rapid advance of technology, which renders equipment obsolete in a short time. In addition, students use these machines on average only four hours per day, five days per week. Schools and equipment could be better used, students could receive additional training, and centers could become income generators.

Graduates from vocational training programs tend to have difficulty finding jobs because of the lack of relevant, specific training and experience, as well as the dependency on cheaper foreign labor.

The curriculum and the job market. The courses and curricula currently offered do not necessarily respond to market needs. Coordination with the private sector and better assessment of market demand should allow the closing of certain certificates and the development of new areas of training, thereby creating new opportunities for employment.

Female enrollment. The number of girls in vocational training is very low. Parents do not perceive the need for girls to receive this type of education. Once convinced of the need to send their girls to school, it is usually for attainment of academic education. In one of the centers, for example, out of 7,000 students enrolled, only 1,000 are female. Also, programs offered do not correspond to the fields of traditional interest for females. There should be more programs in fields like secretarial skills, information technology, handicrafts, and weaving, in addition to welding and carpentry.

Policy recommendations

1) Improve the infrastructure.

The MOE is working on a project with the Japan International Cooperation Agency (JICA) to build 25 schools throughout the Kingdom. Meanwhile, the sanitary and health services within existing schools, as well as the classrooms, need to be upgraded. Graduates from vocational training centers who are still unemployed could be mobilized to work within their areas of training to upgrade the sanitary conditions of the schools within their neighborhoods. The vocational training schools would provide technical supervision for their graduates, and the schools could coordinate administratively with the Department of Vocational Training, the Department of Planning at the MOE, and the respective infrastructure development departments in other ministries. Priority areas would be identified in coordination with the Planning Department at the MOE. A feasibility study of the cost and availability of human resources must be carried out, and funding needs to be allocated.

Multigrade schools are one of the ways to maximize the use of infrastructure. Teachers in multigrade schools need to be trained for handling such classes. After identifying which areas depend mostly on multigrade classes, a training-of-trainers program could be initiated to train teachers in the methods of teaching. A mobile training center is suggested so as not to infringe on teaching time or take teachers away from their areas. In addition, a mobile training center will minimize the cost of transportation and accommodations, as training is delivered to teachers on location. The program needs to be coupled with incentives for those teachers being trained, in order to emphasize the importance of the program and to be able to make use of these teachers to assist in training others. Mobile training centers can be used for more than one activity, including increasing awareness and providing health education. The MOE would identify an NGO (or perhaps several) to administer this program, as well as identify the schools in need and the teachers that should receive such training. Successful trainees would receive an advanced certificate from the MOE.

2) Alleviate direct costs.

Parents should not feel at anytime that sending their children to school is a burden. They also should not have to choose which members of the family to send to school because of the cost of educational supplies. A program that provides a package (including uniforms, books, and stationery) to be distributed to every student in the basic education stage must be developed. The cost and methodology of distribution needs to be studied. Such a program can be used to achieve other objectives, such as enforcing school attendance and accessing preventive healthcare services. The handout of supplies would be spaced throughout the academic year to monitor school attendance and compliance with requested health interventions, such as immunizations.

3) Promote social support and awareness.

Student needs, as well as parent's perceptions and problems, must be addressed. Social workers and counselors should determine the reasons and follow up on student dropouts, as well as reach out to those who have yet to enroll. Information on education issues should be disseminated. Establishing a team for these tasks is an undertaking on which several ministries could work together. A joint program between the ministries of Education, Health, and Social Development would train and employ local staff from the communities themselves and mobilize these workers to achieve objectives, such as following up on children who drop out, promoting health prevention, collecting data, and improving public awareness. It is very important that the people from the communities themselves be employed to perform these tasks, as they would have a better rapport with other community members and understanding of their issues. In addition, there would be no need to displace people from their own homes to remote areas. Such a program could

be part of the efforts of approaches like Healthy Villages and Cluster Village Development, both discussed in previous sections of this report.

Furthermore, teachers and social workers need to be well-trained to deal with children with special needs in the most effective means, through appropriate counseling services and provision of appropriate educational services given the resources available. Concurrently, awareness for the parents as well as the individuals on the causes of disabilities, the means of preventing them, and ways of handling children with special needs must be developed. This could be initiated by counselors using schools as platforms for awareness.

4) Promote quality early childhood development.

We support the implementation of the National Early Childhood Development Strategy. A technical committee has now been developed to prioritize issues and develop programs. The National Council on Family Affairs, within its mandate, has taken the responsibility to coordinate the implementation of the recommendations contained in the strategy. This is being done, in coordination with relevant stakeholders such as the Ministry of Education and the World Bank.

5) Target health and education.

Expanding the current snack-feeding program is one of the MOE's goals. The MOE is also encouraging, with the support of the MOP and the MOH, the new milk-feeding program, which will be administered by an NGO and supervised by Tetra Pak East Med. Such programs are beneficial in so far as they support hungry children and supply them with some of the required nutrients. They are also an incentive for parents to send their children to school. Further studies for giving children packs of chickpeas with sesame paste that could be fortified with iron is another suggestion. Coordination between programs would be a necessity and an asset in reaching the largest number of children in need. The new proposed school milk-feeding project includes educational messages on the milk packages directed at the children, as well as through workshops and lesson plans directed at their teachers. The cost estimates are currently being calculated by Tetra Pak East Med, but SPP has already shown interest in providing some funds.

Expansion costs of the school snack-feeding program are as follows; meals cost 300 fils per student and the program costs the government JD 773,000 per academic year (i.e. around JD 46.5 per student per year). There are about 429,703 students in the first to fifth grades to whom the MOE would like to supply this meal. The estimated required budget would be almost JD 20,000,000 to cover all the students in the first to fifth grades throughout the Kingdom.

6) Eliminate adult illiteracy and maximize use of centers.

Adult illiteracy needs to be addressed through outreach. Information technology and community centers should be equipped with more than reading and writing programs. They should be used as a starting point for promoting education and health, reaching out to those who do not know about these programs, and engaging the elder generation. Such centers could also be equipped with handicraft workshops and other work-related facilities suggested by the local community members themselves, to preserve their culture and enhance what they know best. The mobile center for training the teachers of multigrade schools can be affiliated with these centers in order to provide counseling and outreach to remote areas. School counselors could also engage in the promotion and marketing of programs. An income-generating incentive plan can be coupled with this program.

Moreover, initiatives to empower young people to become positive agents of change in their lives and communities, such as INJAZ sponsored by Save the Children, should be considered. Through the existing platform of 64 youth centers in Jordan, Save the Children is planning to build the capacity of youth service providers on how to equip youth with skills in critical analysis, entrepreneurship, pluralism and tolerance, leadership, and independent decision-making.

7) Encourage vocational training.

The mandate to improve vocational training has been given by His Majesty King Abdullah. In response, new programs are emerging that will respond to the market demand and address the needs of poor communities.

Better use of schools after hours could generate an opportunity for graduates to train and get experience in the practical aspects of their work. These workshops should coordinate with the private and public agencies that can purchase their products. This would decrease the cost, ensure a market for the goods produced or services available, generate income for unemployed graduates, maximize the use of the schools and equipment, and better prepare graduates for employment. Coordination with private sector employers should be carried out intensively to identify market needs. The private sector should also identify the skills it expects, so that the curricula can be adjusted accordingly. In the long run, such measures will minimize the need to bring in foreign workers.

In order to maximize the effectiveness of these programs, better use of school facilities after hours should be considered. This could generate an opportunity for graduates to train and get experience in the practical aspects of their work. These workshops should coordinate with the private and public agencies that can purchase their products. This

would decrease the cost, ensure a market for the goods produced or services available, generate income for unemployed graduates, maximize the use of the schools and equipment, and better prepare graduates for employment. Coordination with private sector employers should be carried out intensively to identify market needs. The private sector should also identify the skills it expects, so that the curricula can be adjusted accordingly. In the long run, such measures will minimize the need to bring in foreign workers.

As new windows of opportunity are being open for Jordan, such as the establishment of the Aqaba Special Economic Zone, Qualifying Industrial Areas, Jordan's accession to the World Trade Organization, and ratification of the Free Trade Agreement, Jordan should initiate specific training programs, skills, and specialties to meet the competitive needs of these opportunities.

Therefore, vocational training should be responsive to the requirements of the private sector. The Higher Council for Vocational Training should consider setting criteria for ranking vocational training graduates and providing advisory services to companies as well as training centers, as to what skills and professions are needed or need to be improved. The council should assist in helping to change the attitudes of some Jordanians in accepting and pursuing certain professions. Moreover, it should also work on encouraging private sector companies to accept vocational graduates of the public sector.

The council should give significant attention to the tens of thousands of new graduates and young Jordanians who seek employment every year in a tight private and public sector job market and who often find that their education and skills have not prepared them adequately for the demands of employment in a rapidly changing economy. The Council should also pay special attention to increasing the enrollment of students with special needs into vocational training centers in order to encourage streamlining them into economic activities.

Education Strategy Chart

Goal: Ensure that the educational system meets the needs of the poor.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Improve the conditions of schools to encourage parents to send their children to school and encourage children to keep/continue the basic education cycle, while minimizing the cost of building new schools	Improve the infrastructure of schools, especially sanitary facilities	Repair school bathrooms, recreational areas, classrooms, chairs, and tables	MOE and vocational training centers	Needs comprehensive assessment and feasibility study (To be determined)	End of 2003
	Make multigrade schools more effective	Strengthen the capacity and skills of the teachers administering the multigrade school program	MOE	Training program development (To be determined)	End of 2002
Alleviate direct costs to free parents from any burdens of sending their children to school	Provide school supplies to children and link the program to monitor school attendance	Develop a program, phased in across the academic year, to provide uniforms, stationery, and books to school children to ensure enrollment and attendance Can also use to monitor accessing health services and receiving immunizations	MOSD and MOE, in coordination with local NGOs		Academic year 2002
Promote social support and awareness to enforce enrollment and minimize dropout	Enforce counseling in schools	Train and recruit counselors to implement outreach and follow-up on dropouts Make use of the Healthy Villages network and field officers	MOE, MOH, and MOSD	USD 50,000 Training programs depend on size of program number of trainees	End of 2002

Goal: Ensure that the educational system meets the needs of the poor. (Cont.)

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Encourage parents to send children to school by providing a meal	Link health and education to maximize benefits	Expand the current school lunch program	MOE, MOH, and MOSD	MOH, SPP, private sector	Academic year 2002
Ensure that children are receiving a meal to support them with some of their age-specific vitamin and nutrient requirements	Provide a feeding program for children	Develop new programs or encourage ones like the proposed school milk feeding program		JD 20,000,000 Expansion of school snack program from first to fifth grades (429,703 children) Milk feeding program to be determined	
Eliminate adult illiteracy	Maximize use of adult literacy centers and new IT Centers improve outreach	Mobilize workers to promote adult literacy Expand services of adult literacy centers to offer diverse educational and handicraft courses Motivate participation	MOE, IT Centers	To be determined	End of 2002
Promote, develop, and encourage vocational training	Respond to market needs Promote female enrolment	Assess the needs of the private sector and market; develop a plan to introduce new programs for vocational training that would also be of interest to females	MOE, private sector, MOL, Higher Council for Vocational Education and Training		End of 2002
Eliminate gender disparity	Maximize use of schools and equipment, while developing the practical experience of students	Initiate a program for training students and employing them in schools after hours to produce goods and provide services to the market			Summer 2002

2.9 Expand public awareness of efforts to reduce poverty

Broaden public participation

In order for any of the strategies and initiatives proposed in this report, and any others that will enrich our proposals to have a chance of success, they must not only be acceptable to, but also owned by, the various constituencies and stakeholders. Ideas must not only be presented to others for comment, but also formulated through broad-base input from those affected by them. In order to accomplish this task, we must utilize all avenues available. One of the most difficult concepts for the broader community to understand is how poverty affects us. Not just all of us, but each of us; not just in the abstract as part of the larger society, but individually. Each one of us is affected by high unemployment, low health indicators, lack of purchasing power among large sectors of the population, and so on. It is easy to say that we are all disgusted with poverty and that something must be done to help poor people, but we must also have the will to choose public investments in poverty reduction among competing priorities when scarce budget resources are allocated. Intense, regular communication is a critical tool in creating such public awareness and understanding. This section suggests some specific actions to increase awareness and marshal public support.

“Poverty is an octopus whose tentacles reach out from under the rock of indifference to engage us all.” By working together, we will have to prove that “poverty is not in the nature of things...”

Nadine Gordimer

If mobilizing public support for ongoing initiatives presents a challenge, then even more formidable will be the task of galvanizing enthusiastic support for new ideas that will alter the established way of doing things.

Activities

1) Conduct a national poverty conference.

JPAP is planning a national conference, sponsored by USAID and the MOSD. The objectives of the conference are to share the strategy for poverty alleviation and the poverty measurement maps. The conference will be held in two sites, Amman and Aqaba, and will incorporate multiple sectors, including public and private agencies that deal with poverty, businesses, academia, the donor community, and local, national, and international NGOs.

2) Create an NGO network.

We are proposing the creation of an NGO network that could facilitate communication and coordination. However, reactivation would be a more appropriate term to use, since

networking has been attempted several times. To maximize the chance for the success of this initiative, the network should be chaired or co-chaired on a rotating basis by national and international NGOs. The mission of the network is simple; to share information relevant to the collective interest of the various organizations. The ongoing business of the network should be sufficiently substantive and meaningful to be worthwhile, but not burdensome to the mission of the individual NGOs. Meetings should be scheduled in such a way that they are neither too frequent nor spaced out too far. Most importantly, it must be clear to all concerned that the purpose of such a network is to assist Jordan by sharing substantive data and relevant information that will help NGOs determine for themselves where they can best make a contribution to satisfy identified needs. The role of the MOSD in this is to provide support and information, as well as to facilitate the smooth operation of the network. We suggest that the National Council for Family Affairs (NCFA) convene the NGO network.

3) Improve public relations.

Public recognition (i.e. of the media, the parliament, and other governmental structures) of the work of NGOs in poverty alleviation is critical for the continued investment of this group in consensus-building regarding the overall strategy.

We propose that the MOSD, in collaboration with the NCFA, organize visits, meetings, and presentations with different parties on a regular, rotating basis to share information about the work being done to implement actions for poverty alleviation.

4) Leverage technology and electronic resources.

There are various interesting and informative websites (e.g. King Hussein, National Information Center, UNDP and UNICEF) that contain information regarding poverty and efforts to alleviate poverty in Jordan. We propose that these websites be linked through the JPAP website to maximize their use and ease of access.

Overall, these actions are intended to facilitate awareness, communication, and coordination, in order to arrive at a consensus regarding the definition of poverty (including its economic and social dimensions), the identification of priority areas for action, and the identification and allocation of resources for implementation.

Public Awareness Strategy Chart

Goal: Achieve consensus on poverty definition, strategies, and priorities for implementation, as well as secure funding.

Objective	Strategy	Activities	Responsible entity	Costs/financing	Target date
Establish a clear path to poverty alleviation; know where we want to go and when we are there	Broaden public participation	Conduct a national poverty conference	MoSD, USAID, JPAP	MoSD local currency account for poverty alleviation	Summer 2002
		Establish NGO network through participation of NGOs in NCFA	NCFA with support from MoSD		January 2002
		Public relations presentations	MoSD		Beginning Fall 2001
		Technology links	MoSD/JPAP and participating web sites	Minimal; to be covered by MoSD/JPAP	2002

Monitoring, Evaluation and Governance

Monitoring and Evaluation

Often the objectives of poverty alleviation projects are mixed up with the means employed by the projects to achieve cash assistance training, these objectives. Cash assistance, training, and microfinance are only means to achieve the objective of alleviating poverty. If any of these means do not lead to alleviating poverty, then the relevant project has failed to accomplish what it has been set up to do. Among possible causes for such failure are the inability to target the poor, social and political realities, mismanagement, inefficiency, corruption, and inappropriate laws and regulations.

In areas where we have carried out recommendations into specific programs such as NAF, the strategy includes specific targeted objectives. As additional activities that support the strategy are selected for implementation, there is a vital need to develop targeted objectives and a monitoring system to ensure that they are achieved as planned and to provide a mechanism for initiating corrective actions and fine-tuning measures in instances when the achievement of the objectives is not optimal.

Objectives of the proposed monitoring system:

- Follow up the implementation of the different components of the Strategy and measure performance as compared to set objectives.
- Identify causes behind the failure or inefficiency in achieving objectives.
- Propose corrective actions and fine-tuning measures to deal with responsible obstacles.
- Provide the government, donors, the public and the media with simple clear-cut facts about the actual performance of the Strategy.
- Create an information system that encourages the different parties involved in the Strategy to share information and to interact, so as to enhance inter-linkages and develop cooperation among them.

The monitoring system should be composed of representatives from the donor community, NGO's, the government and the private sector and should report directly to the steering committee for the Strategy. The findings and recommendations of the monitoring body have to be taken seriously and utilized earnestly to enforce needed measures.

The fundamental sources of information for the monitoring system are:

- Data from the organizations involved in the implementation of the strategy. As examples of such data are the data that become available to NAF and other cash assistance organizations on persons receiving cash assistance and on applications for such assistance, and the Demographics and Health Survey (2002) that is an indicator of the socio-economic status of children, as well as the new database being developed by the Ministry of Health.
- The 2002/3 Household Expenditure and Income Survey. Data from this survey would provide the baseline values for a large proportion of the monitoring indicators. The continuous Household Survey, planned to follow the said survey, would provide the data needed to monitor these indicators.
- Other sources of surveys and administrative data including the Department of Statistics, government administrations, NGOs, international organizations, and individuals.
- Limited statistical surveys and interviews that would be carried out by or for the monitoring unit to collect data on the specific impacts of the strategy.
- Non-statistical information including laws and regulations, and media contributions, donors' reports and reactions, academic research.
- Global millennium goals have been developed by the United Nations Millennium Group that are consistent with various elements of the strategy. These global millennium goals are in the process of being tailored to Jordan's conditions under the leadership of the UNDP. When specific goals for Jordan are developed, identified targets should be incorporated into the strategy where relevant.

Governance

In order to assure integration of existing initiatives as well as the involvement of the lead institutions involved in poverty alleviation, governance of the implementation of the strategy should be clearly established. We recommend a national steering committee composed of a small group within the council of ministers (such as the Minister of National Economy and Minister of State, MOSD, MOP, MOL MOE, MOH, MOF, and MOARA). The national steering committee will be the only official decision-making body for the strategy and will supervise the distribution of tasks and project implementation among the programs in the field of poverty alleviation, consistent with the components of the National Strategy.

Proposed Committee

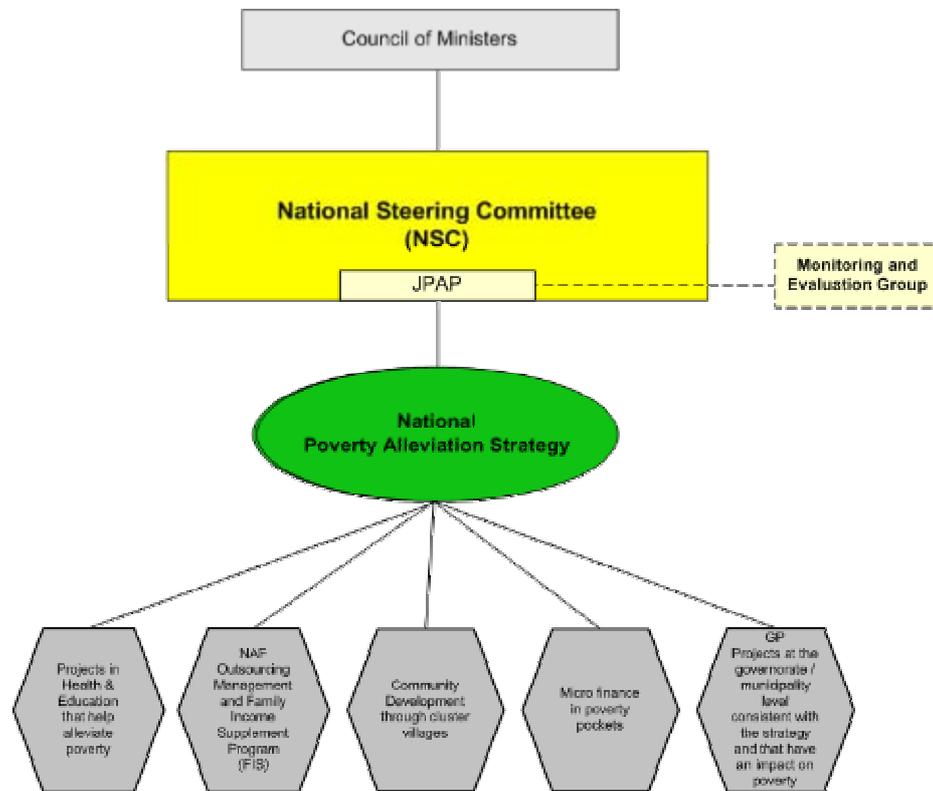


Figure 3.0.1

Conclusion

We are currently at the starting gate of poverty alleviation efforts that can have a lasting impact on the future of Jordan. Progress will depend on the strength of the public and governmental commitment to making poverty alleviation a long-term priority. While the energy expressed in discussions about poverty is encouraging, resources for programs remain limited relative to needs. It is now necessary to move beyond small efforts, sometimes scattered among various communities, to comprehensive, up-to-scale programs that will reduce poverty statistics and support broader prevention efforts.

This report has attempted to highlight some promising current initiatives and introduce ideas for new ones that can be applied toward a comprehensive national strategy that addresses poverty as a problem that is multidimensional in its causes, manifestations, and various demographic and geographic characteristics.

Some of the proposals are of critical importance and utmost priority in the short term. For example, NAF must be revamped and expanded in order to have a meaningful impact on the poor in Jordan; it must reach more of the poor, encourage work, and support working families. We know how to reform NAF and can do it in a relatively short period of time if we get high-level governmental and widespread public support. A national assistance database can be a concomitant tool with which to maximize scarce public and private resources; it also can be created quickly. This database will be a cornerstone of multiple upgrades in technology that must be completed by NAF in order to minimize bureaucracy and maximize customer service.

Other proposals, while no less important, will take more time before they can become operational. Involving the private sector in solutions for job creation is critical in the long term. It is widely acknowledged that job creation and adequate wages are the ticket out of intergenerational poverty. It will take time, however, before economic growth catches up to population needs. Nevertheless, we cannot bow in the face of precipitous, if not completely unexpected, regional and global conditions that have weakened the big economic picture and are uncomfortably squeezing Jordan at the moment. Jordan is continuing to work undeterred on many fronts to maintain and even strengthen its

economic situation. We must begin to prepare for the time when the doors of job opportunity in the private sector are opened wide for the many Jordanians entering the labor market each year.

This report has also addressed some strategies for the near poor. It encourages all of us to support and strengthen this vulnerable group that sits close to the poverty line. Opportunities for business development must be expanded and improved to enhance their impact on this target group and assure their long-term sustainability. Support for asset accumulation must be provided to the near poor to help them become stronger contributors to economic growth. Integration of this group as leaders in their local communities is a path toward long-term development. The village cluster model has potential for achieving this objective in Jordan.

Inadequate educational and health services are inextricably tied to poverty. This report has highlighted the specific areas where these links to poverty are most direct. Some very exciting initiatives are already planned or underway, most notably infrastructure improvements, expansion of nutritional services, and health prevention through the Healthy Villages approach. While there is so much that can be accomplished through the Healthy Villages approach, it is not possible to suggest one pattern to be followed, for its beauty lies precisely in its variety. Similar to Cluster Village Development, in the health and educational arenas, each village must identify its needs and formulate responsive and realistic solutions. Cultural patterns and values must be preserved, while recognizing that attitudes and behaviors that work for individual progress and the common good can also enrich the cultural patterns. The village development process practiced by NGOs is a critical vehicle for accomplishing this task. The elimination of gender disparities in education, family planning, and the development of a more entrepreneurial attitude are all areas that villages can address appropriately if given sufficient resources. Some villages and communities seem to have an abundance of NGO services, while others receive very little attention. Some governorates remain over-represented in both the proportion and severity of poverty; thus, they are prime targets for more intensive services. We hope to improve coordination of services by better sharing timely and accurate data and by developing an NGO network.

Despite intellectual recognition of the critical importance of poverty reduction in achieving overall economic success, poverty programs remain a hard sell. Differing opinions about what really works, lack of reliable evaluative data, and high costs make such programs difficult to adopt. The commitment of resources to crisis intervention (e.g. NAF) is a must, but it cannot limit the commitment of resources for preventive initiatives that promise an escape from poverty in the long run. Poverty alleviation strategies require fundamental changes in the attitudes of many people in society who must support governmental choices to allocate public resources for the poor.

Long-term impact on poverty alleviation on a broad level requires not only the prioritization of actions, but also a clear commitment from all sectors of society, with the goal of establishing a consistent, coordinated, and integrated approach for each community. Given the pervasiveness and harms of poverty for the general welfare of society, such a policy should be acted upon now.

Appendices

A.1 Jordan Poverty Alleviation Program team

Carmen Nazario	Chief of Party
Dr. Richard Adams	Poverty Expert
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Sawsan Maknay	Liaison to Ministry of Social Development
Laila Tuqan	Project Administrator

A.2 Proposed FIS monthly grant amounts¹

Family size	RCA amount	Wheat Subsidy amount	Amount of RCA + Wheat Subsidy combined	Proposed FIS amount ²	Monthly gain per family
1	30	2.8	32.8	35	2.2
2	35	5.6	40.6	60	19.4
3	40	8.4	48.4	78	29.6
4	46	11.2	57.2	104	46.8
5	52	14.0	66.0	130	64.0
6	58	16.8	74.8	156 ³	81.2
7	64	19.6	83.6	156	72.4
8	70	22.4	92.4	156	63.6
9	76	25.2	101.2	156	54.8
10	82 ⁴	28.0	110.0	156	46.0
11	82	30.8	112.8	156	43.2
12	82	33.6	115.6	156	40.4

¹ Wheat Subsidy program included as part of FIS benefits.

² Wheat Subsidy folded-in.

³ Proposed maximum FIS grant.

⁴ Current maximum RCA grant.

A.3 Summary table of Microcredit Programs in Jordan

Name of program	Type of program	Type of loan	Loan services offered	Loan size (JD)		Loan success retention rate (%)	Number of active borrowers (2000)	Profile of beneficiaries	Repayment rate (%)	Project areas	Areas of operation
				Minimum	Maximum						
				Average							
NAF	Governmental program	Interest-free loans Collateral or guarantor required	Student loans Rehabilitation loans Project loans	500	4,000	50	4,667	40% female borrowers (female projects are most successful, however) 88.9% handicapped beneficiaries 42.2% of eligible beneficiaries earn income prior to receiving loan 62% of eligible beneficiaries with projects that failed have no problems receiving a loan Income of eligible borrower/family should not exceed JD 200 per month	55.2 (1993–1999) 15.3 (Prior to 1993)	Agricultural projects (46.8%) Trade projects (42.9%) Tourism projects are most successful, but least applied for	Services are provided to reach all governorates
ACC	Governmental program	Low-cost, subsidized loan 6 to 8.5% flat interest rate charged on loans Collateral required, usually in the form of land or written contract from owner	Loan Services: Seasonal loans (12 months) Short-term loans (24 months) Medium-term loans (10 years) Long-term loans (15 years)	200	10,000		5,798	70% of credit supplied to farmers with a small amount of land, indicating that they are relatively poor Since 1998, 12% of loans have been geared specifically to females under Rural Families Credit, unemployed rural poor, income diversification, and managing agro sources for Karak and Tafleh	75	50% of total loans used to purchase inputs, such as seeds, fertilizers, and pesticides 17% used for land reclamation 8% used for mechanization	Rural areas of the Kingdom
DEF	Governmental program	Subsidized loans for unemployed Loans are given at a 9% flat interest rate (for 6 years) and may go up to 11% for those with existing enterprises (4 years) Also channel smaller individual loans to villages through NGOs (e.g., JOHUD, NHF)	Individual loans (account for 85%) Household loans (maximum JD 1,500) Group loans (maximum JD 50,000) Development loans (for existing business)	1,500	10,000	50	2,592	Loans generally used for start-ups 34% of loans went to those with community college/university education in 2000 Only 9% went to those with "under preparatory education" in 2000, whereas 23% went to this sector prior to 2000	Range from 80 to 91 depending on type of loan	70% of loans are in the field of services and industry	Services provided to reach all governorates
GUVS	Governmental program	Subsidized loans with a 6.5% fixed interest rate	Loans disbursed to each municipality or area in the form of revolving credit funds	100	1000		703		100		Services provided to reach all governorates

Name of program	Type of program	Type of loan	Loan services offered	Loan size (JD)		Loan success retention rate (%)	Number of active borrowers (2000)	Profile of beneficiaries	Repayment rate (%)	Project areas	Areas of operation	
				Minimum	Maximum							
				Average								
MOSD	Governmental program	Subsidized loans Cooperate with local voluntary societies to administer revolving credit funds	Individual loans Family loans	100	2000				50	Home-based agriculture and trade projects	Services are provided to reach all governorates	
MFW	Non-profit financial institution	Commercial loans at interest rate of 21%	Individual loans Group loans Additional products have been designed to meet particular needs (e.g., Dairy loan with 3% interest over 3-month period and Ramadan loan)	100	700	55	5,250	100% female borrowers	99	Agricultural projects, small industrial projects, and handicrafts	Selected urban areas of the Kingdom, mostly Amman	
JMCC	Non-profit financial institution	Commercial loans Interest rate ranges from 13 to 16% Repayment ranges from seven months to two years No collateral required, only a personal guarantor	Individual loans only Offer three kinds of loan services	1. 100	800	60	1,500	40% female borrowers Does not finance start-ups Does not provide training	99	Majority of loans finance businesses and services, such as: barber shops, handicrafts, etc.	East Amman Expansion of services to include Bagaa and Zarqa underway	
				2. 200	3000							3. 700
AAMC	For-profit financial institution	Commercial loans No collateral required Skills and presence in market are sufficient guarantees for loan	Provides technical assistance Loan officers work closely with borrowers to assess and identify their needs accurately	700	7000		204	16% female borrowers	98	Existing micro and small businesses in industry and trade	Services reach urban and congested areas	
CHF	Non-profit financial institution	Commercial loans Collateral required (salary transfer, deed, or land)	Group loans (23% flat interest rate) Individual loans (17% declining interest rate) Repayment on smaller individual loans encourages eligibility for larger ones	Group			2,081	Mostly male borrowers Lower income bracket	94	96	Small businesses in services and trade, such as coffee shops, meat shops, etc.	Services reach the South (i.e., Tafleeh, Ma'an, Aqaba, Karak, and Jerash)
				150	500							
				263.8								
				Individual								
				500	14,000							
				2633.8								

Name of program	Type of program	Type of loan	Loan services offered	Loan size (JD)		Loan success retention rate (%)	Number of active borrowers (2000)	Profile of beneficiaries	Repayment rate (%)	Project areas	Areas of operation
				Minimum	Maximum						
				Average							
JOHUD	Local NGO	Subsidized rates at a 7.5% declining interest rate	Established CDCs to implement and supervise services in the form of RCFs New pilot project for best-practice microcredit for established businesses	100	6000	50	1,195	47% female borrowers	89	Start-ups mainly in agriculture and home businesses	South of Amman Pilot project in Hashmi area
NHF	Local NGO	Individual loans are subsidized and extended at an interest rate of 6 to 8.5% depending on the source of the loan	Work with local voluntary societies to form revolving credit funds for group and individual loans. Training is offered for loan committee selected to run the fund. DEF financed loans: 8% RCF Average loan size JD 609 80% retention rate UNESCO financed loans: for women only Citibank Pilot: for women (Um Qais)	Group		83		36% female borrowers 67% female borrowers Income per family usually less than JD 30 per month Priority of lending to unemployed		Micro and agro services and trade, such as goat and poultry raising, food processing, and agricultural projects Medicinal herb-agro enterprise for women in home gardens (Irbid)	All governorates
				200	1000						
				563							
				Individual							
				300	6000						
747											
NEF	International NGO	Subsidized loans at a 12% annual flat interest rate	Works closely with GUVS and MOSD to establish community-based credit funds Provides technical assistance for training of local loan committee After one year, phases-out of project	100	1000	87	1,000	Fund for start-ups, as well as existing business Applicant may already be a borrower from another institution Most beneficiaries apply for the loan as a supplementary income. So target group are "productive poor"	94	Agro and micro industrial and service projects	Rural areas, mainly in the South
CARE	International NGO	Subsidized interest rate of 12% over three-year period Also provide training prior to disbursing the loan	Individual loans Household loans Revolving credit funds	1500				Rural communities	90	Mainly cattle raising, poultry, small shops, (combine income generating activities with food security)	Mainly rural areas
UNRWA	International agency	Subsidized interest rate of 12% over three-year period		500	5,000	40		100% refugees 36% female borrowers	82	Small agro and service businesses, such as restaurants, bakeries, animal husbandry, animal fattening, and small industry	

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