The Hashemite Kingdom of Jordan
Ministry of Planning and
International Cooperation

United Nations

Host Community Support Platform

Needs Assessment Review of the Impact of the Syrian Crisis on Jordan

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Contents

FIGURES AND TABLES

ACRONYMS

ACTED	Agency for Technical Cooperation and Development
AFD	Agence Française de Développement
AFEX	Arab Future Energy Index
BDU	Business Development Unit
CARE	Cooperative for Assistance and Relief Everywhere
CBJ	Central Bank of Jordan
CBO	Community Based Organisation
CDS	City Development Strategies
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CEO	Chief Executive Officer
CFL	Compact fluorescent lamp
CIDA	Canadian International Development Agency
CIP	Community Infrastructure Programme
CPI	Consumer Price Index
CRC	Convention on the Rights of the Child
CSO	Civil Society Organisation
CUDB	Cities and Villages Development BAnk
DEF	Development and Employment Fund
DOS	Department of Statistics
EMIS	Education Management Information System
EMRO	East-Mediterranean Region
ERfKE	Education Reform for Knowledge Economy
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
FPD	Family Protection Department
FTA	Free Trade Agreement
GBV	Gender Based Violence
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GLDU	Governorate Local Development Unit
GODP	Governorate Development Programmes
GOJ	Government of Jordan
HEIS	Household Expenditure and Income Survey
HUDC	Housing and Urban Development Corporation
ICT	Information and Communications Technology
ILO	International Labour Organisation
JCS	Joint Service Council
JD	Jordanian Dinar
JEDCO	Jordan Enterprise Development Corporation
JEN	Jordan Education Network
JESSRP	Jordan Emergency Services and Social Resilience Project
JIB	Jordan Investment Board
JMP	Joint Monitoring Programme
JPD	Joint Procurement Department
JPFHS	Jordan Population and Family Health Survey
KOICA	Korean International Cooperation Agency
LDU	Local Development Units
LDU	Local Development Units
LED	Local Economic Development
LEDP	Local Economic Development Plan
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LSD	Lumpy Skin Disease
MENA	Middle East and North Africa
MF	Microfinance
MFI	Microfinance Institutions
MOE	Ministry of Education

MOE	Ministry of Education
UNHCR	United Nations High Commissioner for Refugees
MOF	Ministry of Finance
MOI	Ministry of Interior
MOIT	Ministry of Industry and Trade
MOMA	Ministry of Municipal Affairs
MOPIC	Ministry of Planning and International Cooperation
MOSD	Ministry of Social Development
MOU	Memorandum of Understanding
MOWI	Ministry of Water and Irrigation
MP	Member of Parliament
MSME	Micro, Small and Medium-sized Enterprises
MW	Megawatt
NAF	National Aid Fund
NAF	National Aid Fund
NAfKE	National Assessment for Knowledge Economy Skills
NCHRD	National Center for Human Resource Development
NEEAP	National Energy Efficient Action Plan
NES	National Employment Strategy
NFE	Non-Formal Education
NGO	Non-government organization
PPP	Public-Private Partnerships
PRP	Pest des Petits Ruminants
QIZ	Qualified Industrial Zone
RLDP	Regional Development Programme
RLPD	Regional and Local Development Programme
SME	Small and Medium Enterprises
SWM	Solid Waste Management
TAD	Trans-Boundary Animal Diseases
TIMSS	Trends in International Mathematics and Science Study
TVET	Technical Vocational Education and Training
UASC	Unaccompanied and Separated Children
UN	United Nations
UNDP	United Nations Development Programme
UNHABITAT	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
UNOPS	United Nations Office for Partnerships
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
US	United States
USAID	United States Agency for International Development
WAJ	Water Authority of Jordan
WASH	Water, Sanitation and Hygiene
WB	World Bank
WHO	World Health Organization
WFP	World Food Programme
WTO	World Trade Organization
YMC	Yarmok Water Company

INTRODUCTION

With the Syrian conflict entering its fourth year, Jordan is hosting unprecedented numbers of Syrian refugees. Hosting displaced people, and accommodating their immediate, interim and future needs in a small socio economic landscape has had a profound impact on Jordan, and on Jordanians. During what was already one of the most challenging economic periods in Jordan, increased competition for access to public utilities, schooling, health services, infrastructure, and jobs is putting additional strain on the budget, government services, and on families.

Given the fragile fiscal position of the government budget over the past three years (rising public deficit and debt), the government has had to reallocate scarce capital to meet the sudden and growing demands necessitated by the Syrian crisis. This may threaten not only to derail the development trajectory of Jordan, but also to stunt economic growth and development for years to come, especially if the situation Syrian crisis persists.

While most of the Syrian refugees are concentrated in the northern governorates, the nation as a whole has been affected, albeit in different ways and to different degrees. In addition to negative effects on social cohesion and the security of the country, the crisis has placed extra strain on areas with limited absorption capacities, such as Mafraq, Badia, Ramtha and Irbid.

There is a risk that the Syria crisis may have a long-term impact on Jordan, with the welfare of host communities undermined as a result of increased pressures. There is an urgent need for the donor community to scale up support in a timely and appropriate manner, at both national and local levels, to help Jordan better cope with the consequences of hosting a large and increasing number of refugees.

The number of Syrian refugees in Jordan exceeds 600 thousand, constituting approximately 10% of the Jordanian population. This number is expected to increase; the extent depending on the level of degradation of the social-economic-political sphere in Syria.

Around 80 percent of Syrian refugees have settled in urban areas, and the remaining 20% live in camps[1]. The distribution of the refugees over Jordan's 12 governorates places 240 thousand (39 percent) in Irbid, 135 thousand (22 percent) in Mafraq, 146 thousand (24 percent) in Amman, 46 thousand (7.5 percent) in Zarqa, while the remaining 47 thousand (7.5 percent) are spread throughout the other governorates[2].

The Syrian crisis spilled into Jordan at a time when the country was already facing significant challenges. The government suffered from a rising budget deficit (Jordan's annual budget deficit reached USD 1.80 billion in 2012, jumping from USD 1.05 billion in 2010), due primarily to heavy subsidies of energy necessitated by the disruption of the flow of Egyptian gas. The public debt had risen beyond the 60 percent stipulated by the Public Debt Law as the debt to GDP ratio; increasing from 61.1 percent in 2010 to 65.4 percent and 75.5 percent in 2011 and 2012, respectively[3].

Furthermore, GDP growth decreased from an average of 6.7 percent during the period 2000-2008 to 2.3 percent in 2010 and 2.7 percent in 2012[4]. The trade deficit was already widening from JD 6.060 billion in 2010 to JD 7.756 billion in 2011 and JD 9.092 billion in 2012[5].

[1]Countries Hosting Syrian Refugees "Solidarity and Burden Sharing" UNHCR, Sep. 2013
[2]Calculated from Jordanian MoI, July 2013, and UNHCR camp population figures, November 2013
[3]Government data and World Bank calculations and projections
[4] Annual Report, CBJ, 2013
[5] Annual Report, Central Bank of Jordan, 2012

The Government of Jordan is faced with the challenge of not only meeting the financial gap needed to cover the added costs incurred as a result of hosting Syrian refugees in Jordan, but also with responding to the urgent needs of Jordanian host communities, particularly in expanding services and infrastructure access, and at the same time accelerating efforts to create employment opportunities for Jordanians[6].

In order to cope with and minimize the negative spillover of the Syrian crisis, the GOJ has adopted a diverse set of measures. It is apparent, however, that as the crisis grows and manifests itself in greater challenges within Jordan, increased assistance from the international community is paramount.

This "Needs Assessment Review" was initiated based on the general consensus within the international community that the Syrian conflict has turned into a protracted crisis, with profound long-term implications on neighboring countries, in particular Jordan and Lebanon. As the crisis is reaching a point where its impact on the sustainable human development prospects in the sub-region can no longer be ignored, it is critical that the on-going humanitarian response is rapidly complemented by a more sustainable and development-oriented response. This will help provide sustainability to ongoing interventions, address structural issues that affect the host population, and help preserve the development gains achieved so far.

In September 2013, responding to the impact of the Syria crisis on Jordan, the GOJ launched the Host Community Support Platform (HCSP) as the coordinating mechanism to initiate policy dialogue, provide strategic guidance, and to develop a new National Resilience Plan (NRP) that addresses the emerging needs of the host communities. The Platform, led by the Minister of Planning and International Cooperation, is supported by a dedicated Secretariat and relies on the technical work of five Task Forces: Employment and Livelihoods; Municipal Services; Education; Health; and Water and Sanitation. Each Task Force is chaired by the corresponding line ministry, supported by the Ministry of Planning and International Cooperation, a UN agency, a donor and a national and international NGO as focal points.

This "Needs Assessment Review" report is the first step towards assisting the Government in formulating the National Resilience Plan as a 3 year investment plan for resilience-based interventions in host communities. The National Resilience Plan will also include investment requirements in the various productive and service sectors.

This "Needs Assessment Review" report aims at providing a resilience-based reading of the impact of the Syrian crisis in Jordan. It undertakes an in-depth analysis of the pre-crisis and present status of major sectors and subsectors, including health, education, livelihood, municipal services and water. It goes on to identify possible options to support the GOJ to efficiently, effectively and sustainably steer and manage its response to the crisis.

The review was coordinated by the Host Communities Support Platform Secretariat, and was conducted during 20 October-10 November 2013 with the participation of UN agencies[7], and in close consultation, coordination and cooperation with relevant line ministries, donors, and key international and national NGOs.

A dedicated team of technical experts was deployed by UN agencies to support the preparation of the sector specific assessments. The team benefited from available data, reports and studies and technical consultation meetings with the sector Task Forces and other relevant institutions.

[6] Impact of Hosting Syrian Refugees, MOPIC, October 2013
7 FAO, ILO, UNDP, UNESCO, UNFPA, UNHABITAT, UNHCR, UNICEF, UNOCHA, UNOPS, UNW, WFP, WHO.

EXECUTIVE SUMMARY

The negative impact of the Syrian crisis on Jordan has manifested itself in three different but interrelated manners: increased pressure on public finance, worsened trade deficit and losses to key economic sectors (Part I); exacerbating vulnerabilities for the poorest segments of the Jordanian population (Part II); and deterioration of access to quality basic services in the most affected governorates (Part III, IV and V).

Macroeconomic and fiscal implications of the Syrian crisis (Part I):

The Government of Jordan had to incur over US$251 million additional expenditures during 2012, according to the Ministry of Planning and International Cooperation (MOPIC)**,** to provide services and basic needs in the form of subsidies and current expenditures for Syrians in cities and communities. This was only partially offset by donor contributions and grants. For 2013, according to MOPIC and Ministry of Finance estimates, additional expenditures could reach up to USD 493 million, including USD 289 million for current expenditures and USD 204 million in subsidy costs (USD 133 million for electricity, USD 35 million for flour, USD 17 million for household gas, and USD 19 million for water). This increased spending is expected to have contributed to the budget deficit upsurge noted between 2010 and 2013. In addition, it has also partially offset Government efforts to rein in deficit spending.

These additional costs have forced the Government to further shift expenditures from capital investment to current expenditures (between 2009 and 2012, capital expenditures decreased by JD 286 million as current expenditures expanded) and have contributed to further worsening the conditions of the already stressed infrastructure while expanding the public debt.

The deterioration of Jordan's trade balance is a direct consequence of the crisis. Due to the conflict in Syria, Jordan lost its major trade route, on which it depended for transit trade to Turkey, Lebanon and Europe. As a consequence the country has had to resort to more expensive alternative routes, hurting export price competitiveness. Exports to Syria and Lebanon decreased in the last ten months by over 43 and 41 percent respectively, compared to the same period last year. In addition, the rise in Syrian refugees has caused a rise in imports of 22 and 9 percent for 2011 and 2012 respectively, thus contributing to worsen Jordan's trade balance. In addition, cheap imports from Syria had to be substituted from elsewhere at higher costs. Consequently, the trade deficit in 2013 is expected to be much higher than that of 2012.

Overall, it is estimated by the Central Bank of Jordan that the Syrian crisis will have reduced Jordan's GDP growth by 2 percentage points in 2013 to reach between 3 to 3.5 percent only, undermining in effect the impact that better control of budget spending, greater confidence in the local economy, slight improvement in tourism and remittances revenues as well as the international support through large foreign grants could have had on the economy.

Employment, Livelihoods, Poverty (Part II)

The crisis is taking a heavy toll on Jordanians especially on the most vulnerable segments of the population in the northern part of the country and in particular on employment and labor.

1) Employment and labor

Employment in Jordan is constrained by a number of factors that are compounded by the particularities of Jordanian demographics, whereby the economically active population currently grows faster than population growth. As a consequence, employment generation is currently insufficient to keep pace with the growth of the labor force, resulting in the number of unemployed persons growing faster than the number of employed persons. Statistics at the national level have not yet shown a clear impact of the Syrian refugee crisis on the Jordanian labor market, however the picture at the local level is bleak.

This report estimates that the potentially active Syrian refugee labor force in Jordan make up 108, 265 persons, or about 8.4 percent of the total active force in the four Governorates that are host to the highest numbers of refugees (Amman, Irbid, Zarqa and Mafraq). Out of this number, about 38,155 persons are estimated to be working (about 3.5 percent of the employed population in the same Governorates). Driven by difficult livelihoods conditions, economically active Syrian refugees are reportedly seeking employment, primarily in local and informal settings characterized by seasonal, irregular and informal work.

Local surveys and assessments from a range of organizations have indicated crowding out of Jordanian labor by Syrian refugees in specific localities. The report estimates, that, over time, Syrians will increasingly make inroads in the tens of thousands of small, informal enterprises in agriculture, construction, retail trade, hotels, restaurants, and other services that characterize the Jordanian economy.

Direct competition with vulnerable Jordanian workers, and in particular the working poor for low paying unskilled jobs, in manufacturing, handicrafts and skilled agriculture, is likely to thus take place, potentially displacing large numbers of vulnerable Jordanians out of the labor market.

Evidence suggests that Jordanian women at the lower end of the market chain (in the home-based informal sector) are losing their jobs and income-generating opportunities to Syrian women. This particularly impacts female-headed households, due to their child-care commitments at home. Focus group discussions have also indicated that the resulting loss of income excluded women from contributing to family finance, affecting their ability to influence decision making in the household.

Evidence also suggests that increased Syrian labor market activity has put downward pressure on wages in the informal private sector, where wages were already low. This will have negative consequences for the most vulnerable segments of Jordanian workers that could be pushed into outright poverty by wage compression and crowding out.

Possible response options for employment and labor include support to: employment generation and training in host communities; improvement of labor migration management; greater formalization of the informal economy; development of an effective wage policy; and improving national policy coherence to maximize job creation potential.

2) *Livelihoods, poverty and vulnerabilities*

The absolute poverty rate in Jordan is 14.4 percent. Poverty is concentrated in the Governorates hosting the largest numbers of refugees. Over the past years, the total number of poor households has steadily increased as a result of population growth, but their level of poverty has also intensified, as measured by the deterioration of the Poverty Gap Index. The highest numbers of poor households are concentrated in the urban areas of the Governorates of Amman, Irbid, Zarqa and Mafraq, which are also the Governorates that are host to the highest numbers of Syrian refugees. Mafraq and Irbid are also the Governorates that have the highest vulnerability rates, with 31 and 27 percent of their population being vulnerable to shocks, respectively.

Poor households in Jordan are characterized by limited household productivity potential, large families, and low education levels. Their income comes mainly from employment (52 percent), aid and cash transfers (25 percent), rental (13 percent), and selling of home produce (13 percent). Expenditures are mainly spent on food (50 percent), house rent, transportation, fuel, clothing, health and education, leaving less than 0.3 for savings and next to nothing to strengthen productive capital.

In Zarqa, Irbid and Mafraq, working poor represent 53.6, 62 and 74.6 percent of the working population. The report estimates that cash transfers in these Governorates are insufficient to prevent additional vulnerable households from sliding into absolute poverty. Country-wide, half of the poor are working poor.

Increased competition with the poorest segments of host communities over informal charitable and relief services, employment opportunities in agriculture and other irregular jobs requiring unskilled labor, is assessed as the main negative impact from the influx of Syrian refugees on local livelihoods.

Reduced economic resources increase women and children's vulnerability to access services that require finance (transportation, school uniforms, medicines, etc.). Financial pressures can also lead to an increase in household tensions, as a family member with reduced outcome often employ coping mechanisms that affect those family members with the least negotiating space the most: children, young girls, boys and women.

Possible response options for livelihoods, poverty and vulnerabilities include: immediate support targeted at hardship cases in the affected governorates; immediate support to absorb unemployment among unskilled Jordanian workers in the affected governorates; value chain development support for vulnerable Jordanian households and those who live immediately below the poverty line; initiation of programmes for medium to long term promotion of local economic development;

3) Agricultural livelihoods

The Syrian crisis is also acutely affecting agricultural livelihoods. The agriculture sector employs a sizeable portion of the rural population.

The crisis has disrupted agriculture and food trade, leading to a 25 percent decline in agricultural exports to Syria and a 30 percent decline in agricultural imports from Syria, which translated into losses for Jordanian famers and additional costs for traders that had to find alternative trading routes.

Increased cost of feed, reduced availability of irrigation water, reduced market opportunities and forced abandonment of border proximity farmland is particularly affecting vulnerable small farmers and breeders, forcing them to sell animals or to seek alternative unskilled work in urban areas.

Trans-boundary animal diseases and trans-boundary crop diseases and pests are a subject of concern, due to the collapse of Syria's field veterinary services and the increased smuggling of unvaccinated livestock, and due to the collapse of plant protection services in Syria, which in turn will increase risks of dissemination of diseases over the region.

Further depletion of local aquifers used by rural communities and large-scale irrigated farms could also take place, in particular further to the stoppage of water supplies from Syria and the drilling of boreholes for the Za'atari Camp and host communities in the Northern Governorates.

Overgrazing and land degradation of the fragile Badia rangelands is likely to increase with the disruption of cross-border transhumance between Syria and Jordan, inflated costs of animal feed, and the smuggling of herds from Syria.

Possible response options for agricultural livelihoods include: surveillance and control of trans-boundary animal diseases and trans-boundary crop diseases and pests; crop diversification and intensification and income-generation through community-based "climate-smart" agriculture technologies; and capacity development of the Ministry of Agriculture and other stakeholders to implement and monitor crisis response options.

4) Food security

Food security of vulnerable households has already been affected and could deteriorate further, as a result of the above, but also due to the pressure placed on food supplies by the Syrian refugee influx.

Upward pressure on prices of locally-produced food supplies, such as chicken and sheep and goat meat, dairy products, eggs, fruits and vegetables, that have shown, unlike imported commodities, lower elasticity to the growing demand, poses a real challenge for the poorest segments of the society. Food consumption patterns among the poor may deteriorate as they will not be able to continue to afford these items, or they will be forced them to make additional trade-offs between food and non-food expenditures.

The food security status of the poorest segments of society will be further impacted by the current upward pressure on rental prices, increased dependence on potable water from private vendors and potential price increases in other necessities, in addition to the loss of livelihoods in agriculture and trade and increased competition for employment highlighted above.

Possible response options for food security include: support to the development and implementation of the comprehensive national food security strategy (underway); support to household food security monitoring; support to improved food security stakeholders coordination; initiation of medium to long-term food security support programmes.

5) *Social Protection*

There has been increased pressure on already over-stretched family protection services from the management of Syrian cases and additional cases of Jordanian cases connected to the Syrian crisis, including in terms of Juvenile services. The Ministry of Social Development (MOSD) expects a further rise in the number of Jordanian children requiring care, either through fostering or institutional care.

Cash assistance and social security contribution schemes were further strained by the crisis. The National Aid Fund (NAF) estimates that the direct and indirect impact of the crisis resulted in an additional caseload of 20,000 families for a total cost of JD 3 million. This includes Jordanian families who had to return to Jordan due to the war in Syria.

Possible response options include: strengthening and expanding the capacity of Government and service providers to meet the needs of the most vulnerable groups; and increasing the outreach of cash assistance programmes to respond to the additional caseload.

Social services (Part III)

1) *Education*

Over the past decade, the Government of Jordan has heavily invested in the education system, enabling it to perform well in comparison with other middle-income countries and the MENA region. MDG targets for primary enrollment and gender parity are met, enrollment and survival rates exceed 95 percent. The provision of high quality education remains a key priority for the Government.

The Syrian crisis has had a profound impact on the education sector, in particular on public schooling. The Government of Jordan has granted access to free primary and secondary education to all Syrian refugee children, despite existing pressures on the education system, such as overcrowding in high population density areas and concerns about declining quality.

As of the end of October 2013, 85,493 Syrian children were enrolled in Jordanian public schools (excluding camps). It is estimated that the total caseload of Syrian children eligible for formal education is 150,000, while another 70,000 children require alternative education services such as informal and non-formal education.

This additional caseload has exacerbated the levels of overcrowding in schools. Countrywide, 41 percent of schools are now crowded, against 36 percent in 2011. Almost half of the schools in Amman and Irbid, 40 percent in Zarqa and 35 percent in Mafraq, essentially schools in urban areas, are currently overcrowded and have limited capacity to accommodate additional students. Overcrowding is affecting girls' schools more frequently. The demand for Non-Formal Education for children not eligible to enrollment in formal education is likely to increase.

In response to this increased demand, the Government opened an additional 77 double shift schools. The total proportion of students attending double shifted schools has risen from 7.6 percent in 2009 to 13.4 percent in 2012-2013. This runs contrary to its strategy to reduce the number of such schools and reverses progress made over the past decade. While the establishment of second-shift schooling is subsidized by donors, operational costs are borne by the Ministry. With donor support, three new schools were built, and 26 schools provided with prefabs.

There is a fairly widespread perception that the quality of education has been impacted due to the crisis. Although the real effects of the crisis on quality of education have yet to be measured, the impact of the Syrian crisis on key determinants of quality is real, which may be compounded by the difficulties Syrian students face to adapt to the Jordanian curriculum. Violence and bullying has also been identified as a factor that has the potential to undermine educational quality.

Possible response options for Education include: scaling-up and expanding on-going interventions in host communities, including through direct financial support, teacher training, equipment and infrastructure support; expanding the absorption capacity of schools, either through school expansion or school construction; support to teacher development programmes to safeguard education quality.

2) Health

Jordan has an advanced health care delivery system. Thanks to progress made over the past decade, Jordan is one of the countries with the lowest infant and maternal mortality rates in the region, it has been polio free since 1995, it was due to be certified free from indigenous measles transmission, and was on course to develop its road map toward elimination of tuberculosis. Jordan also has one of the highest rates of public health spending in the region (7.72 percent in 2011). The above notwithstanding, the health sector in Jordan faces a number of challenges. Primary among these is the country's ability to generate sufficient financial resources to cover health care costs.

The Syrian refugee influx has overwhelmed the capacity of the sector to deliver quality services to all. As a consequence, Jordan's ability to sustain the gains it has achieved is undermined.

In Irbid and in Mafraq, Syrian patients represent 10.45 percent and 9.59 percent of total patients, respectively, with the percentage as high as 18 percent in some locations. As a consequence, the ratio of health specialists per population has decreased in all categories, as has the ratio of hospital beds per habitants.

Comparative morbidity data show a different disease profile between Syrians and Jordanians that could increase the disease burden for Jordan in the future. Jordan cancer disease burden has increased by over 14 percent in the first quarter of 2013. TB notification case is threefold greater among Syrians, while 116 cases of measles have been diagnosed so far. The possible re-appearance of polio as a result of the recent outbreak of polio in Syria will require massive immunization campaigns.

Deficiencies in the supply and availability of medication, health equipment and specialist physicians in health facilities have been evidenced. Access to oral delivery-related medication is depressed in the Northern Governorates, so is access to cardiac and/or vascular drugs, oral rehydration and diuretics in Mafraq. Equipment related to vaginal delivery was available at less than 50 percent of health facilities, and pervasive shortage of specialized health workers, in particular dermatologists and gynecologists, was reported.

With the heightened demand for health services, the health sector is facing significant financial pressures and shortages. MOH has already incurred USD 53 million additional costs, including more than USD 20 million in vaccines in 2013, a twofold increase in the span of one year.

Possible response options for Health include: direct and indirect support to reduce the financial gap resulting from the additional caseload created by the Syrian refugee influx; physically expand the bed, surgical, outpatient, emergency, maternity, lab and other infrastructure capacity of up to 20 MOH hospitals and 30 health care centres; strengthen MOH Preventive Programmes; strengthen emergency services capacity; support to human resources development and planning.

Local Governance (Part IV)

1) Institutional capacities and municipal finances

The local governance system in Jordan has been in a slow and inconclusive transition towards decentralization since 2005. Decentralization reform has renewed interest from the Government, and the first municipal elections since 2007 were held in August 2013. Municipal councils have the potential to enhance the profile of municipalities in service delivery, local development and the social sphere. However, they are inheriting bankrupt, bloated and dysfunctional municipal administrations.

With the exception of Greater Amman, municipalities have weak administrative and technical capacities, they suffer from severe financial distress and only perform a portion of their mandated functions. They also lack equipment, logistical means and capacity to maintain existing assets. Municipal and service infrastructure has been depleted over the years, and municipalities are incapable of investing in upgrade or even maintenance of equipment. Salaries consume more than 60% of municipal budgets, debt services has become unsustainable for most municipalities and the generation of own revenue is constrained by legislation and vested interests, leaving municipalities with little if any investment capacity. As such they are unable to meaningfully respond to citizens needs and to influence the allocation of national resources and boost local development.

The Syrian crisis has heightened the pressure on fragile municipalities to meet increasing demand with the same level of available resources.

The increased population has not translated into increased municipal resources in the Northern Governorates. On the contrary, over the past year, municipal income in the areas more at risk has decreased for the majority of municipalities at a time where their needs were soaring fast. This is due to low collection levels of property tax, the limited share of licensing fees in municipal incomes in Mafraq and Irbid, the low number of new businesses acquiring licenses, and the low level of solid waste fees.

The increased population has led to a modest increase of current expenditures in the majority of municipalities in Mafraq and Irbid. This is mainly because municipalities do not have the fiscal capacity to increase their budgets. However, all assessed municipalities have reportedly shifted funds from investment projects to their recurrent budget to support service delivery. As a consequence, in a situation of limited elasticity of municipal resources against a surge in population and a surge in service needs, municipal services are being hard hit and losing fast in terms of performance. The situation could unravel if no action is taken.

Growing tensions at the state – society interface: citizens in host communities have felt left-out and neglected, and expect a more prominent response to their own needs from state institutions and local authorities. Tensions between host communities and Syrian refugees are palpable in the Northern Governorates, where socio-economic problems created by the Syrian refugee influx are the most acute, exacerbating already existing feelings of marginalization and vulnerabilities among Jordanians. This is threatening the social contract between state and society. Moreover, the increased pressure on public services is also threatening social cohesion as access and quality of the services is being negatively affected as a result of the increased demand

The tension between decentralization and centralization dynamics has heightened as a result of the crisis, due to the urgency to have a rapid executive response to the pressing needs of host communities. Despite positive signs, such as the recent Government decision to seek budget support for affected municipalities, the commitment of the Ministry of Municipal Affairs and the Ministry of Interior to continue building the capacities of Local Development Units and the supportive role of Governors in advocating for more direct support with the central government, the decentralization reform could be further delayed by the Syrian crisis.

Possible response options for institutional capacities and municipal finance include: immediate budget and capacity development support to municipalities to scale up service delivery; capacity development of municipalities and governorates for evidence-based planning, donor coordination and strategic communication; support to rapid participatory planning capacity at community level; revision and/or completion of needed local development planning frameworks; support to emergency preparedness and response capacity of the local governance system; support to municipal administrative and service delivery processes for efficiency gains;

2) Delivery of municipal services and urban management

The increased population is overstretching a struggling municipal service delivery. In solid waste management alone, the influx of refugees means an increase of 340 tons of waste to be disposed of daily. A recent assessment reveals that solid waste management issues ranks first of current priorities of communities in 33 of 36 municipalities in the northern governorates. Municipalities and Joint Service Councils reported a severe shortage of equipment and of labor to face the surge in solid waste production. While social services in host communities have received early support from donors, development assistance to municipal services has been slower.

Development control by municipalities has become increasingly difficult. As construction activities have increased rapidly over the past two years, the capacity of municipal staff to monitor and control municipal development is overstretched.

Unplanned settlement growth is promoting unsustainable sprawl and informal settlements. It remains premature to predict the long-term impact of the crisis on the spatial development of specific localities. However, without a better understanding of current refugee movement dynamics and if basic planning does not happen, informal settlements may emerge outside planning boundaries that may be hard to contain and expensive to fix. In the case of Mafraq, settlement growth is currently happening in different directions, and the lack of planning guidance supported by pro-active infrastructure investment might ultimately result in the same problems as Jordan has seen in the past.

Shortfall in maintenance and building roads has been exacerbated. Rapid population growth equals more traffic and further degradation of the road network. With limited financial means diverted to more pressing issues, road and urban infrastructure is even less taken care of than before.

Possible response options for service delivery and urban management include: provide immediate budget support and equipment to municipalities; develop improved SWM plans at municipal level; implement improved SWM plans including equipment support and funding of labor intensive *recycling activities; broaden the range of innovative solutions and partnerships for SWM; enhance the capacity of affected municipalities to better handle urban development and management; analyse absorption capacity and monitor urban shifting urban development dynamics; support elaboration of basic LED plans and/or revalidate and update existing LED strategies and plans; support the capacity of municipal LDUs.*

<u>Infrastructure and energy (Part V)</u>

1) ***Water and sanitation***

Jordan is the fourth most water scarce country in the world, and is facing an enduring imbalance between the demand and the supply of fresh water. Currently more than 97 percent of the Jordanian population is connected to piped networks. The majority of renewable surface water and groundwater has been exhausted, and the remaining usable resources for future are gradually diminishing. Water supply is based on a rationing system to cope with the deficit and ensure equitable distribution. Rural communities suffer more from water shortages.

In the Northern Governorates, public water services are strained, with high losses caused by old water distribution systems. Systems are operating continuously at full capacity, with no seasonal modulation. Parts of the water network are in urgent need of repair.

With the influx of Syrian refugees into Jordan, the gap between available water and demand has widened significantly. 81 percent of households in rural areas report running out of water once or twice a month. Due to limited storage capacity, many households are increasingly reliant on water bought from private vendors at more expensive rates.

More than 62 percent of the Jordanian population is connected to the sewage network. Coverage is lower in the North (43 percent). The crisis has induced increased pressure on sewage systems and communal waste facilities in the Northern Governorates. There is an increased usage of septic tanks, and there is a concern that many septic tanks are inadequately constructed and regularly leak and overflow, increasing the risk of wastewater seepages or infiltration from septic tanks to underground water basins.

Concerns that the aquifer may become polluted without proper wastewater management practices in areas where there is a concentrated number of refugees, such as in the Za'atari Camp, have increased. This requires close monitoring and further actions to be put in place.

Possible response options for Water and Sanitation include: support to water conservation through water efficiency gains (network rehabilitation, leakage control, improved rationing distribution); support to improved water quality and quantity; support to increase sanitation coverage and waste water treatment efficiency; support to capacity development and institutional reform; support to water and sanitation infrastructure in schools and other public institutions.

2) ***Housing***

The annual housing need is estimated at around 32,000 units, and the average number of units constructed, 28,589. Existing supply is not well aligned with the demand, in particular for lower income groups. The median expenditure on housing per household is 20 percent. However, going down the income scale, the rate exceeds a third to reach 35.3%. Jordan has a relatively high stock of vacant units (18 percent) and a low overcrowding ratio. The ownership ratio is 73.1 percent to 23.2 percent rented (with a low 12.5 percent for Mafraq). At the lower end of the income ladder, 44 percent are renting.

The Syrian refugee influx has translated into an immediate demand for housing estimated at around 86,000 units, on top of the average annual need of 32,000 units. This surge has a severe impact on the municipalities where the Syrian refugees first settle. As the crisis becomes more protracted, the impacts are expected to become more structural and they will significantly affect the housing sector of Jordan as a whole. Mafraq currently faces a huge housing demand that equals 12,600 units, i.e. 19 times the regular average housing need of 660 units.

One of the key concerns is the availability of affordable housing for low-income groups, already insufficient prior to the crisis.

Increased demand has inflated rental prices. Maximizing rental options has been the most prevailing and practical solution. The vacant stock has quickly filled up, rental prices have inflated up to 200 percent, with extremes at 300 percent compared to pre-crisis values. In some areas, Jordanian families have returned to their village of origin, or have regrouped to rent their houses for lucrative rents.

New construction has increased both within existing urban areas and in the periphery. In Irbid, the municipality estimates that new construction has increased by 10-20 percent. In Mafraq, it is estimated that new construction could have resulted in an increased housing supply of 3,700 to 5,600 units, catering for about 25,900 to 39,200 Syrian families. Some sources indicate that investors still hesitate as the length of the crisis remains unknown and the overall economic situation remains fragile.

Possible response options for Housing include: support to housing analysis and monitoring; support to policy formulation and revision of the National Housing Strategy; support to government investment to boost housing supply.

3) Energy

Jordan is one of the world's most energy insecure countries, importing about 97 percent of its energy needs. Jordan has traditionally relied on natural gas imported from Egypt for 80 percent of its electricity generation. A series of disruptions to this flow have been experienced since 2011, with gas imports from Egypt declining by up to 70 percent. In response, Jordan shifted to crude oil imports from the Gulf, which led energy costs to rise to make up approximately 20 percent of GDP. This has serious implications for the State budget, drastically decreasing the fiscal space to allow government to various priorities for sustaining development and ensure national resilience. The 2013 electricity subsidy bill is expected to reach USD 1.8 billion, almost matching Jordan's forecasted 2013 budget deficit of USD 2 billion.

The Syrian refugee influx has exacerbated levels of residential energy consumption. Although the average per capita energy intensity among Syrians living in cities and towns is 25 percent less than the general population, the increase of 9.44 percent in residential energy consumption growth in 2012 compared to 5.9 percent in 2011 is mainly attributable to Syrian refugees, with an associated subsidy cost of JD 44.3 million. According to MOPIC, in 2013, the cost could reach up to USD 93.6 million for electricity and USD 16.6 million for cooking gas.

Possible response options for Energy include: expanding the supply of electricity to households through new capacity in the grid; securing extra supplies of LPG for basic household cooking needs; and devise and implement strategies for efficiency gains as a source of new power capacity to address the expanded demand.

1. MACROECONOMIC AND FISCAL SITUATION ANALYSIS

External pressures on Jordan's economy intensified in 2011, creating a fiscal crisis and a drastic slowdown in growth and employment. These pressures were related to the spillover of regional tensions and their impact on tourism and investment, the interruption of flow of gas from Egypt, and the virtual halt of movement of goods through Syria to Jordan's major export markets in Europe.

The Syrian crisis and the resulting influx of refugees arriving in Jordan has exacerbated Jordan's already difficult macro-economic and fiscal situation. The influx has increased the demand on existing infrastructure and public service provision. It has worsened already stretched public finances, and has highlighted the need for urgent public investment in sectors that are under particular pressure, such as education, health, water and sanitation, energy as well as municipal waste. Overall, the conflict continues to pose significant risks to growth in Jordan.

The analysis below provides a snapshot of the current situation based on the following facets of the economy: real GDP growth rates, gross domestic debt of the government (central government and independent organizations), public budget deficit, unemployment, and inflation as measured by the consumer price index. It also covers a number of key economic sectors that are not addressed in the sectoral chapters of the report but need to be taken into consideration to understand the challenges, which Jordan currently faces.

1.1. Real Gross Domestic Product (GDP)

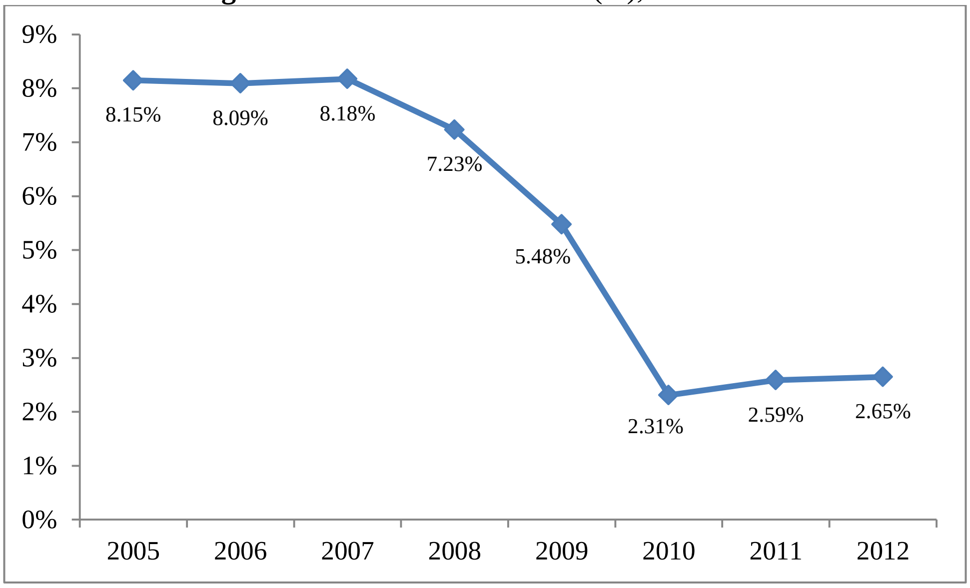
Real GDP grew at an average annual rate of 5.58 percent during the period 2005-2012[8]. During this period, the greatest increase in real GDP was in 2007, when real GDP grew by 8.1 percent. The growth rate slowed during 2010 to 2.31 percent, a significant drop from the rates of 2008 and 2009. This decline was partially attributed to a fall in foreign direct investment (FDI), which fell to JD1.2 billion in 2010, the lowest since 2005. At this point, economic growth had also been stunted by the global financial crisis, which hit Jordan in the fourth quarter of 2008.

The GDP growth rates for the period 2005-2012 are shown in Figure 1 below[9], indicating the continued vulnerability of the Jordanian economy to external shock. One can note three distinct phases within the period 2005-2012. The first phase, 2005-2007, is one of high growth, where growth rates exceeded 8% in real terms. The second phase 2008-2010 depicts the onset of the global financial crisis and its lingering impact on the Jordanian economy. The real growth rate of the GDP continued to decline during this phase. The third phase is 2010-2013, which demonstrates a weakened economy in the midst of an unfolding Arab Spring and an escalating crisis in bordering Syria.

[8] Compiled from Central Bank of Jordan. Statistical Database, June 2013, WWW.CBJ.gov.jo

[9] Growth rates have been rounded for simplicity of presentation.

Figure 1 Real GDP Growth Rate (%), 2005-2012



Source: Central Bank of Jordan. Statistical Database, June 2013, [WWW.CBJ.gov.jo](WWW.CBJ.gov.jo)

It is important to note that the Syrian crisis struck the Jordanian economy when it was already weakened, suffering from the lowest growth rates in a decade. Furthermore, growth rates during this period have been below or near the population growth rates. In this context, the Syrian crisis, if it continues to strain government finances, can be expected to derail economic growth prospects and delay the recovery of the Jordanian economy. According to the Governor of the Central Bank of Jordan, the Syrian crisis adversely impacted the economy directly and indirectly and thwarted GDP growth by at least 2% in 2013[10], undermining in effect the impact that better control of budget spending, greater confidence in the local economy, slight growth in tourism and remittances revenues as well as the international support through large foreign grants could have had on the economy. GDP growth is now estimated to reach 3 to 3.5 percent in 2013.

1.2. Government Spending

Government spending is already exhibiting a high dependence on grants and a rising budget deficit. Table 1 below shows government revenues, expenditures, and the ensuing deficit:

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[10] Reuters, "Jordan's economic growth hit by Syrian refugee burden: central bank,"29/10/2013 http://www.reuters.com/article/2013/10/29/us-meast-investment-jordan-idUSBRE99S0PN

Table 1 Government Revenues and Expenditures, 2006-2013 JD Millions

Year	2006	2007	2008	2009	2010	2011	2012	Est. 2013
Government Revenues	4041.4	4304.1	4891.4	4783.6	4915.4	4832.3	4753	5296
Grants	304.6	343.4	718.3	333.4	401.7	1215	620	850
Total Revenues	**4346**	**4647.5**	**5610**	**5117**	**5317**	**6047**	**5373**	**6146**
Growth Rate	-	7%	21%	-9%	4%	14%	-11%	14%
Total Expenditures	**4487**	**5198**	**5816**	**6454**	**6193**	**7274**	**7046**	**7455.8**
Growth Rate	-	16%	12%	11%	-4%	17%	-3%	6%
Total Deficit without Grants	**-446**	**-893**	**-925**	**-1670**	**-1278**	**-2441**	**-2293**	**-2159.8**
Growth Rate	-	100%	3%	81%	-23%	91%	-6%	-6%

Source: Compiled from the Ministry of Finance Monthly Bulletin, June 2013 and the "Main Tables of the General Budget Law for the Fiscal Year 2013", accessed October 28 2013, www.mof.gov.jo

During 2006-2013, total government revenues (including central government revenues, grants, and revenues of independent entities) increased at an average annual rate of 6 percent. The greatest percentage increase in government revenues came in 2008 when they increased by 21 percent from the previous year to JD5.61 billion, from approximately JD4.65 billion. The largest and only decrease in government revenues occurred during 2009, when revenues decreased by 9 percent from 2008. In 2011, government revenues reached JD6.04 billion, the highest they had ever been, thanks to a grant from Saudi Arabia of USD1.4 billion[11]. In 2012, government revenues declined even though the government decreased subsidies and increased the prices of fuel derivatives, electricity and water, and introduced new fees and levies.

Total government expenditures increased during 2006-2013 at an average annual rate of 8 percent per year. The highest rate of increase (17 percent) was recorded in 2011. 2007 and 2008 were high growth years in terms of real growth.

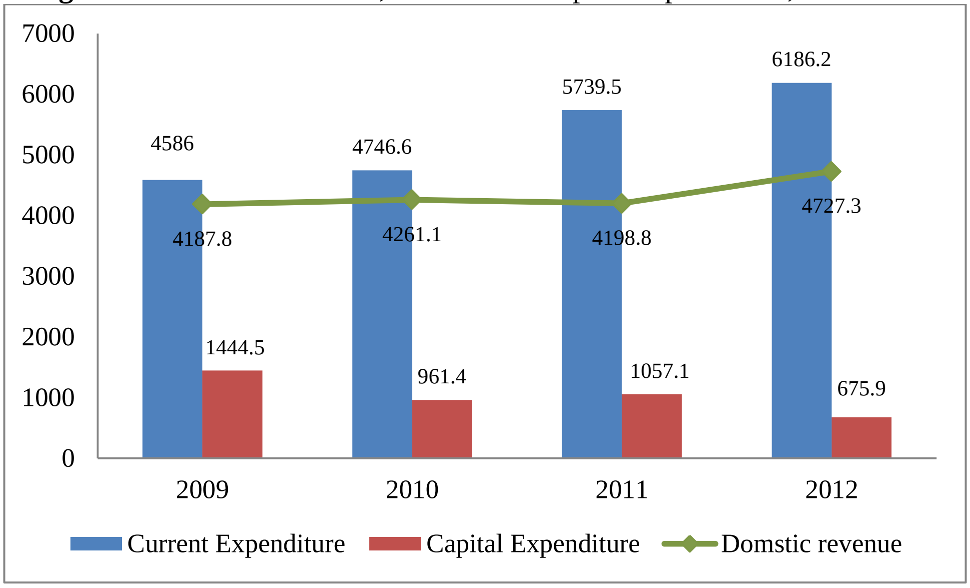
Total expenditures increased by JD1.26 billion in 2013 compared to 2010. According to the World Bank, Syrians in Jordan benefit from a number of subsidies, including bread, electricity, water and household gas. More than USD152.4 million is needed to provide these subsidized items to more than 600 thousand Syrian refugees in Jordan in 2013 (USD19.2 million for water, USD23 million for flour, USD93.6 million for electricity, and USD16.6 million for household gas). During 2012 Jordan incurred over USD251 million in subsidies and current expenditures to provide services and basic needs for Syrians living in Jordanian cities and communities (this number does not include the costs of establishing and operating refugee camps)[12].

For 2013, according to MOPIC and Ministry of Finance estimates, additional expenditures could reach up to USD493 million, including USD289 million for current expenditures and USD204 million in subsidy costs (USD133 million for electricity, USD35 million for flour, USD17 million for household gas, and USD19 million for water). This increased spending is expected to have contributed to the budget deficit upsurge noted between 2010 and 2013. In addition, it has also partially offset Government efforts to rein in deficit spending.

A quick breakdown of expenditures into capital and current expenditures demonstrates another significant and adverse trend on the Jordanian economy, as shown in the figure below.

[11] http://www.bedigest.com/News/60969.aspx
[12] Jordan Ministry of Planning and International cooperation, "Impact of Hosting Syrian Refugees, " October 2013.

Figure 2 Domestic Revenues, Current and Capital Expenditures, JD Millions



Source: Bulletin of General Public Finance, Ministry of Finance

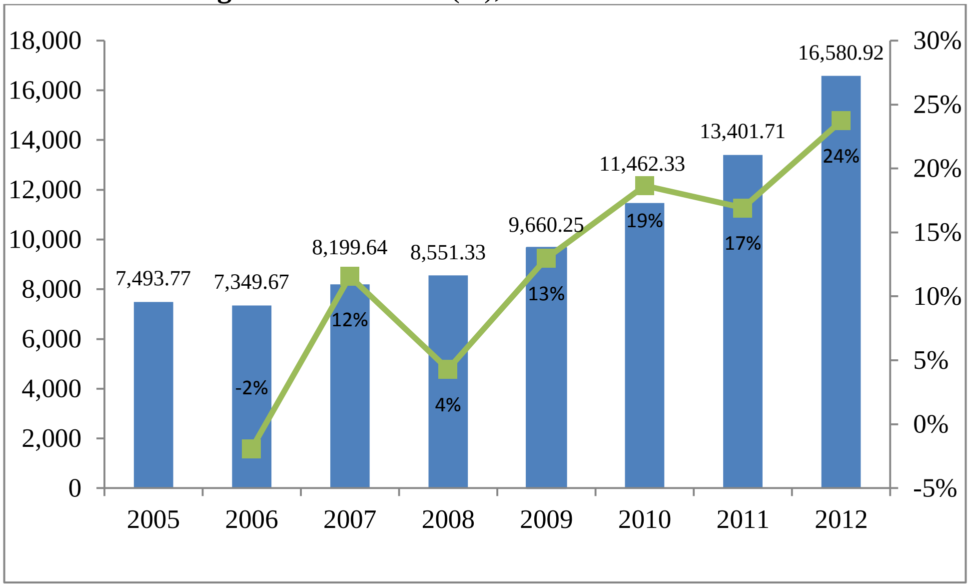
This breakdown indicates that Jordan suffers not only from increasing annual budget deficits, but that there is a tradeoff between capital and current expenditures. The budget deficit (including grants) increased from JD1.05 billion in 2010 to JD1.81 billion in 2013. Similarly, the budget deficit (excluding grants) increased from JD1.45 billion in 2010 to JD2.13 billion in 2013. Furthermore, capital expenditures decreased by JD286 million during 2010-2012 as current expenditures expanded.

Between 2006 and 2013 the total deficit, without grants, increased from JD446 million to reach JD2.16 billion. The average annual increase of the total deficit was 34 percent throughout this period. The highest increase in terms of JD value occurred during 2011 when deficit increased by approximately JD1.1 billion. The annual deficit, without grants, increased by JD882 million in 2013 compared to 2010. While some of the deficit increase was due to Egyptian gas stoppages, increased spending due to the Syrian crisis is expected to have contributed to this deficit as government services had to be presented to a larger population.

1.3. Public Debt

As of 2005, public debt stood at approximately JD7.49 billion. This figure had doubled by 2012 when it reached approximately JD16.58 billion. The only year in which public debt experienced a decrease was in 2006, in which the growth rate was -2 percent. In 2012, public debt experienced its highest growth rate of 24 percent, constituting a rise of JD3.1 billion following an already steep 17 percent increase in public debt in 2011. Since 2010, public debt has increased by JD5.12 billion; the total debt exceeded 70 percent of the GDP in 2012. Figure 3 below illustrates the value and growth rate of public debt.

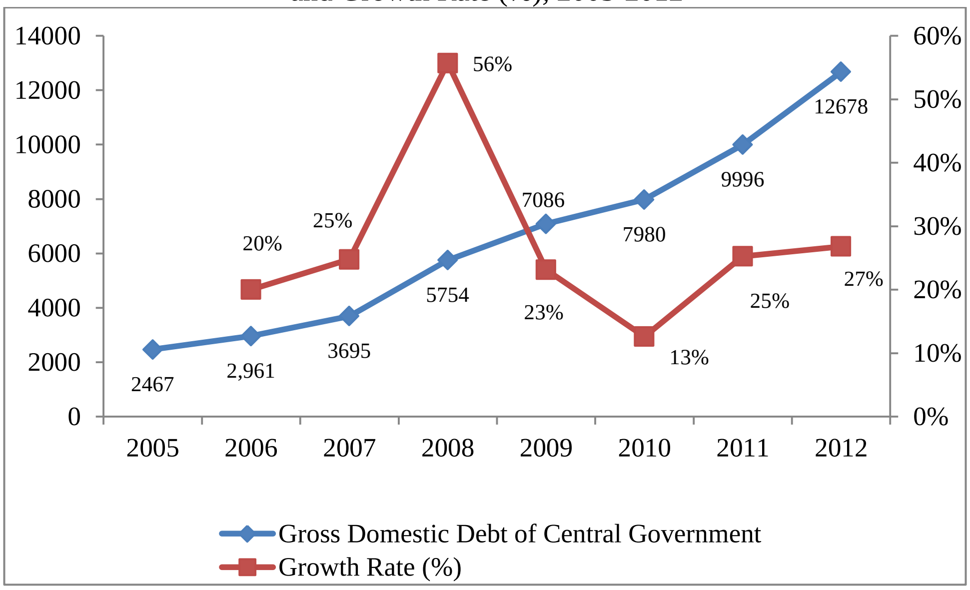
Figure 3 Public Debt (%), 2005-2012 JD Millions



Source: Ministry of Finance Monthly Bulletin, June, 2013 www.mof.gov.jo

The gross domestic debt of the central government (excluding the independent bodies) grew at an average annual rate of 27 percent during the period 2005-2012, and reached approximately JD12.6 billion in 2012. Public debt has increased by approximately JD10.2 billion since 2005. Central government domestic debt grew from JD7.98 billion to JD12.68 billion, an increase of JD4.7 billion, which means that the majority of public debt since 2010 was incurred by the central government sources. The gross domestic debt and its rate of growth are shown in Figure 4 below:

Figure 4 Gross Domestic Debt of the Central Government (JD millions) and Growth Rate (%), 2005-2012



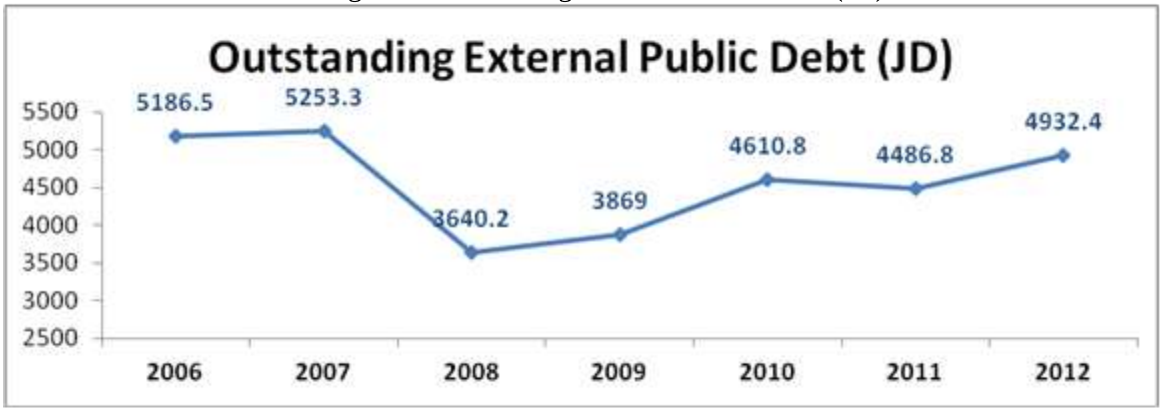
Source: Central Bank of Jordan. Statistical Database, June 2013, WWW.CBJ.gov.jo

Net Outstanding Domestic Debt (budgetary and own-budget agencies) increased at the end of November 2012 to reach JD11.48 billion or 51.7 percent of projected 2012 GDP. Compared to JD8.92 billion or 43.5 percent of GDP at the end of 2011, this reflects an increase of JD2.56 million[13].

[13] Jordan Ministry of Finance, www.mof.gov.jo, accessed 28 10 2013.

External Public Debt decreased slightly between 2005 and 2011, from approximately JD 5 billion in 2005, to JD4.48 billion in 2011, an average annual drop of 1.3 %. However, the decrease in the external debt was due to a debt buy back agreement with the Paris Club that was executed in April 2008, which lowered the outstanding external debt considerably as shown in Figure 5 below.

Figure 5 Outstanding External Public Debt (JD)



Source: Central Bank of Jordan. Statistical Database, 2013, WWW.CBJ.gov.jo

The period 2008-2010 saw a rise in the external debt by almost JD500 million. The period 2010-2012 was subject to another increase in the public debt of JD300 million, making the outstanding external debt almost 25% of the GDP that year..

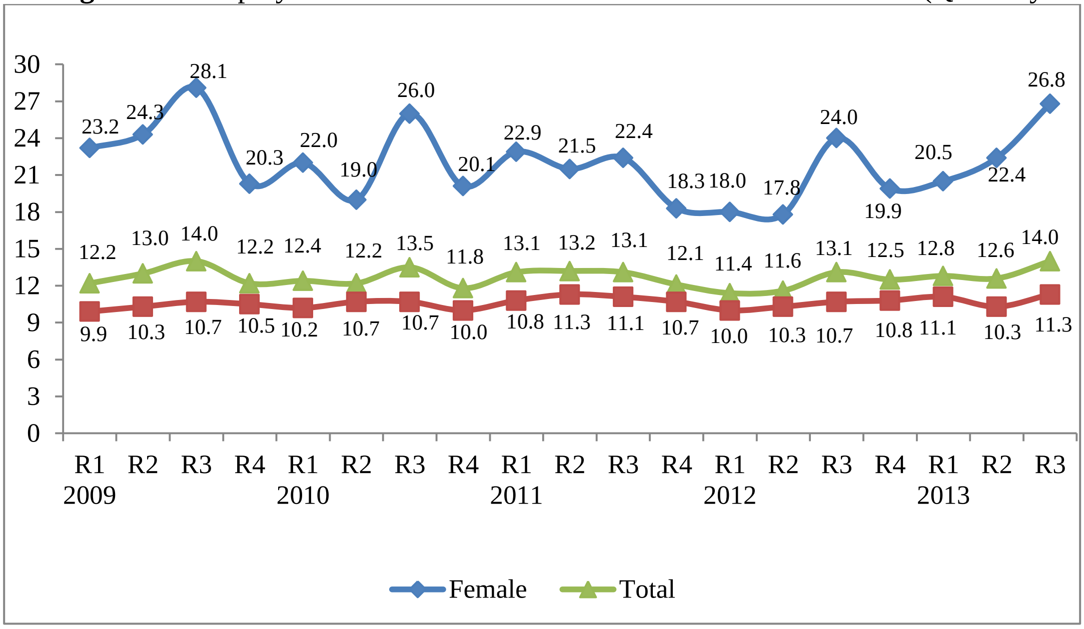
In light of these developments, net outstanding public debt (domestic and external) increased at the end of November 2012 by JD2.95 billion or 22 percent compared to its level at the end of 2011, to reach JD16.35 billion or 73.6 percent of projected GDP for 2012. Compared to JD13.40 billion, or 65.4 percent of GDP for 2011, this reflects a rise of 8.2 percent. Clearly outstanding public debt was subject to a great increase since 2010, the year when the Arab Spring and its aftermath commenced.

1.4. Unemployment (2000-2012)

The unemployment rate in Jordan stood at an average of 14.56 percent from 2000 to 2006. In 2012, the level of unemployment dropped to 12.2 percent from 12.9 percent in 2011 and 12.7 percent in 2010. However, the Department of Statistics projects a rise in unemployment in 2013 because the unemployment rates for the first three quarters of 2013 are higher than those of the first three quarters of 2010. In fact, the unemployment rate has risen in the third quarter of 2013 to 14 percent, the highest unemployment rate in the last four years.[14] The graph below shows the unemployment rates by quarter for both the sexes.

[14] Jordan Department of Statistics, http://www.dos.gov.jo/dos_home_a/main/archive/unemp/2013/Q3.pdf

Figure 6 Unemployment Rates of Men and Women in Jordan 2009-2013 (Quarterly Basis)



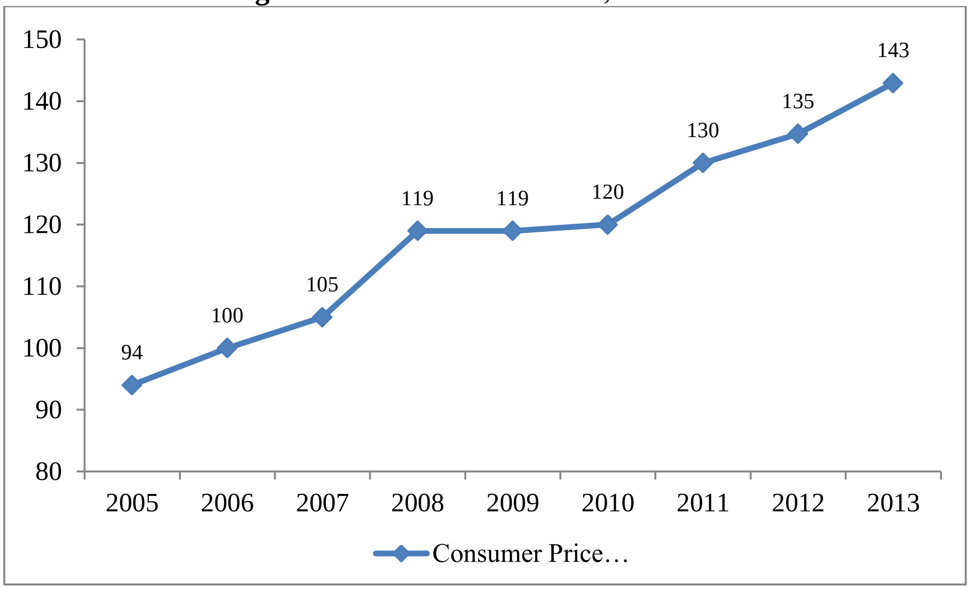
Source: Jordan Department of Statistics, www.dos.gov.jo

The unemployment rate for women is more than twice that of the male and has been rising at a fast rate since the 2012. Females in Jordan have the lowest labor participation rate (14.1 percent) in the region. While the unemployment rate for men has also risen as shown above, men have been less affected by the Syrian crisis than females. Given that unemployment in terms of age is highest among the youth (Age 15-19), young women are the most vulnerable group in society to the ramifications of the Syrian crisis.

1.5. Consumer Price Index

The Consumer Price Index (CPI) increased from 94, with 2006 as a base year, to 120 in 2010. The greatest increase occurred in 2008 when it rose from 104.725 to 119.35, a total increase of 14.625. The second greatest increase occurred in 2010, in which the CPI increased by 5.9 points, followed by the increase experienced 2011, in which the CPI increased by 5.49. The inflation that occurred during 2010-2013 was 19.2 percent. Note that this followed a phase of stability in terms of retail prices as shown in Figure 7 below.

Figure 7 Consumer Price Index, 2005-2011



Source: Central Bank of Jordan. Statistical Database, July 2012, www.CBJ.gov.jo

The details of the CPI are shown in Table 2 for the four main categories: Food Items, Clothing and Footwear, Housing, and Other Goods and Services. (The numbers in the graph differ slightly from those in the table below because they have been rounded in the former).

Table 2 CPI in major Expenditure Groups, 2007-2013

Expenditure Groups	2007	2008	2009	2010	2011	2012	2013*
All Items	104.7	119.3	118.5	124.5	130.0	136.0	142.9
Food Items	108.9	128.9	131.1	137.7	143.4	150.0	155.0
Clothing and Footwear	106.2	114.0	120.6	122.9	130.5	136.7	142.1
Housing	102.0	115.8	113.9	118.6	123.1	127.4	137.3
Other Goods and Services	102.0	112.0	107.6	114.4	120.2	127.0	133.8

Source: Department of Statistics, economic statistics www.dos.gov.jo
**Numbers are for the Third Quarter*

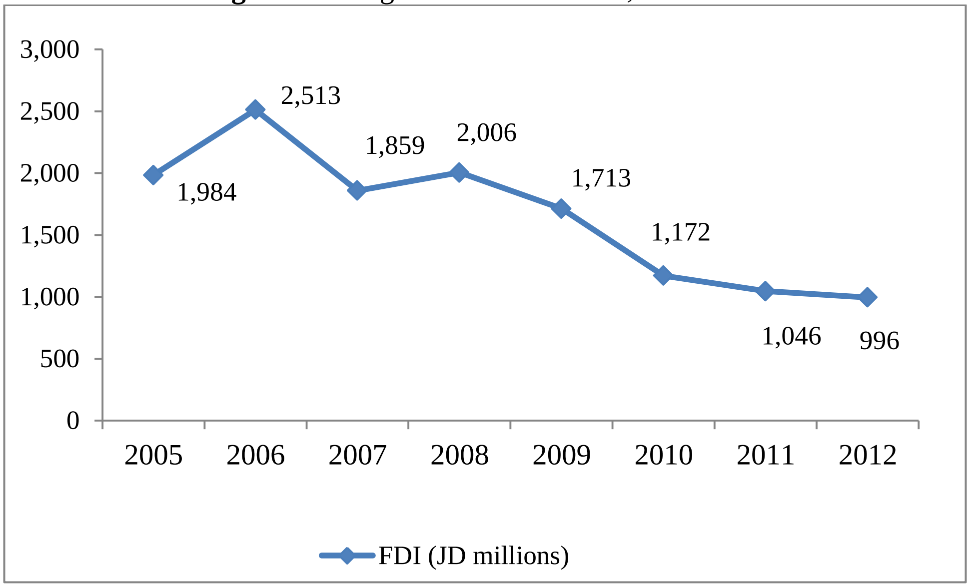
The total increase in the CPI from 2010 to 2013 was 15 percent, “Food Items” increased by 13 percent, “Clothing and Footwear” increased by 16 percent, and so did “Housing”.

1.6. Foreign Direct Investment

According to the Central Bank of Jordan, the net inflows of Foreign Direct Investment (FDI) during 2005-2012 amounted to a total of JD13.29 billion. The annual average FDI inflows were JD1.66 billion, though the average annual growth rate was -7.6 percent. FDI inflows peaked in 2006 at JD2.51 billion. In 2007, FDI inflows decreased by 26 percent returning almost to the level of inflows in 2005. In 2008, FDI inflows increased by approximately 8 percent to JD2 billion. By 2010 FDI inflows had plummeted to JD117 billion, only to fall further in 2011 to JD1.05 billion. In 2012, FDI inflows dropped slightly from the previous year.

Consumer and investor confidence, albeit not officially measured, seemed low as fears of the spread of the conflict affected the economic landscape in Jordan. However, FDI grew in 2013 as Jordan’s economy continued to be viewed as a more stable than Egypt, Lebanon and Syria; Jordan’s traditional competitors for FDI. Furthermore, according to the Jordan Investment Board (JIB) there has been an increase in investments by Syrians in Jordan, with a focus on industry. Syrian investment during the first seven months of 2013 reached JD49 million, an increase from the JD42 million in the same period in 2012. According to the Company Controller Department there are currently 427 Syrian investments in Jordan, comprising 29 percent of investors, coming in second after Iraqis[15].

Figure 8 Foreign Direct Investment, 2005-2012



Source: Central Bank of Jordan. Statistical Database, June 2013, WWW.CBJ.gov.jo

1.7. Foreign Grants and Loans

Jordan has been receiving aid in the form of grants and loans throughout the years. In 2012, Jordan received JD2.16 billion, an exceptional amount of aid, which stands unmatched in comparison to grants and loans received in previous years. The following table[16] details the foreign grants and loans accepted by Jordan between 2000 and 2012.

Table 3 Total of Foreign Grants and Loans, 2000-2012

Year	Grants (JD m)	Loans (JD m)	Total (JD m)
2000	260.5	217.4	477.9
2001	158.6	167.8	326.4
2002	333.2	89.2	422.4
2003	804.8	250.2	1055.0
2004	335.6	100.2	435.8
2005	332.9	121.1	454.0
2006	343.7	134.2	477.9
2007	332.8	148.7	481.4
2008	509.1	296.3	805.4
2009	494.1	479.2	973.3
2010	553.8	248.8	802.6
2011	499.1	20.1	519.2
2012	1493.2	667.2	2160.0

Source: Ministry of Planning and International Cooperation, WWW.MOP.GOV.JO

[15] See http://www.alghad.com/index.php/article/663234.html and http://www.prsyria.com/index.php?id=5389#.Um4r6XBHLWA
[16] Ministry of Planning and International Cooperation, www.mop.gov.jo

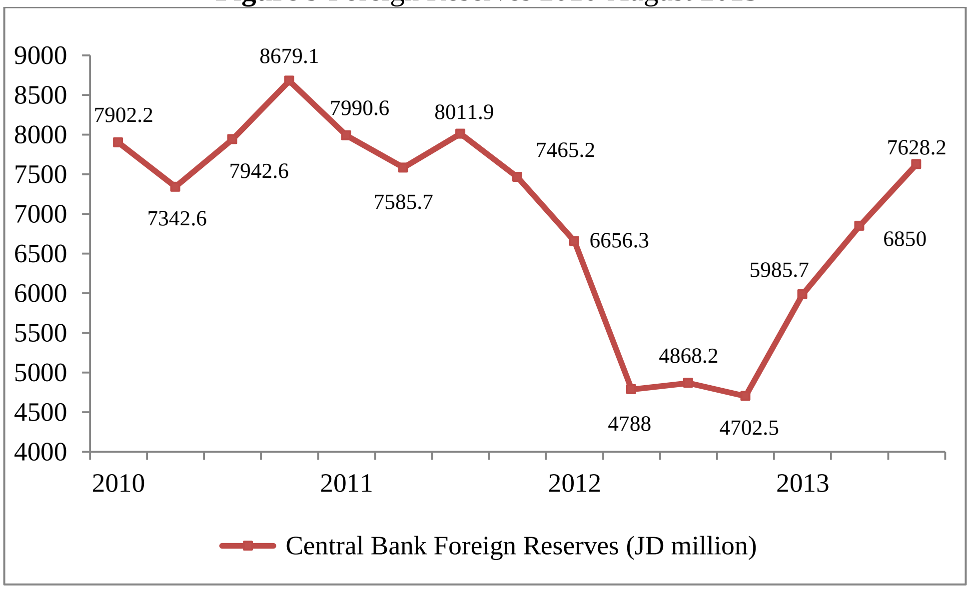
1.8. Foreign Reserves

Foreign reserves reached their highest level at USD12.3 billion in January 2011, then decreased to USD11.3 billion by the end of September 2011 (foreign reserves reached USD10.6 billion in June 2011)[17]. The possible reasons for the fall in the reserves include:

a. The decrease in remittances of Jordanians working abroad (primarily in the Gulf) by 4.5 percent in the first nine months of 2011. This is relative to the same period of the previous year, as the expatriate Jordanian workforce in the Gulf became uncertain about the future and stability of the Jordanian economy[18].
b. Decreased income from tourism in the first nine months of 2011 down by 17.7 percent to JD1.5 billion compared to JD1.9 billion in the same period during the previous year[19].
c. The decrease in FDI by 14.4 percent, its lowest level in six years, to JD561 million during the first half of the year[20].

Toward the end of 2011 the reserves were buttressed by a Saudi grant of USD1.4 billion. However, 2012 witnessed a steep decline in reserves. The fiscal and external deficits in 2012 led to a lack of confidence in the stability of the Jordanian Dinar. The lack of confidence in the Dinar was apparent in the steep and seemingly steady fall in reserves in 2012[21]. Figure 8 below illustrates the quarterly levels of Foreign Reserves of the Central Bank during the 2010-July 2013 period.

Figure 9 Foreign Reserves 2010-August 2013



Source: Central Bank of Jordan, Statistical Databank, WWW.CBJ.GOV.JO

The trend started reversing in December 2012/January 2013 as confidence was boosted by the prudence of the Central Bank of Jordan and support of the international community through large foreign grants such as the GCC funds, and concessional budget support operations. Improved levels of tourism and inflow of remittances also supported the upturn in confidence.

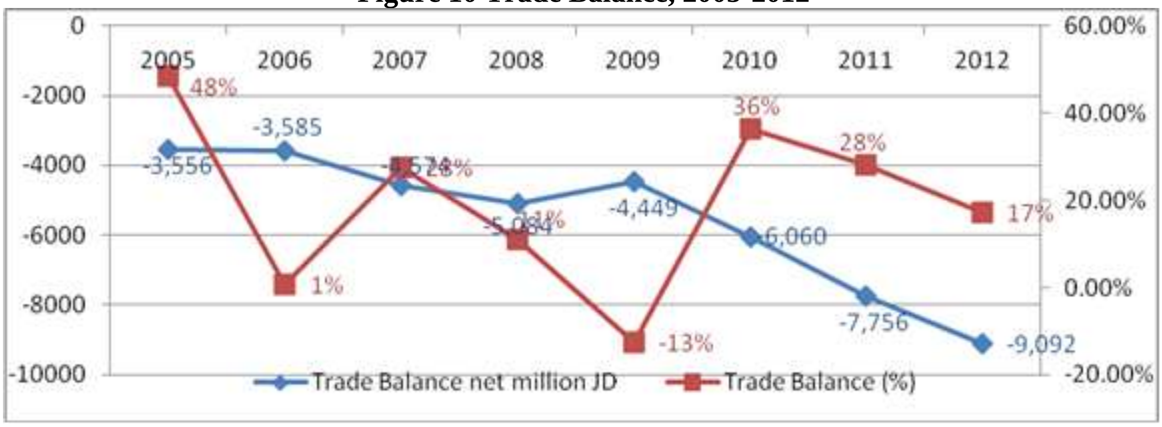
[17] 2012 Budget Address of the Minister of Finance to the Parliament, Dec 2011, www.MOF.gov.jo
[18] Ibid
[19] Ibid
[20] Ibid
[21] Jordan Economic Monitor, Spring 2013

1.9. Trade

Jordan's trade deficit was subject to fluctuations between 2005 and 2012, hovering throughout that period between JD3.556 billion and JD7.449 billion. The greatest rate of increase in the trade deficit, 48 percent, occurred in 2005, while the trade deficit reached its highest value, JD9.09 billion, in 2012. In 2011 the trade deficit increased by over JD1.6 billion due to the increased demand for oil to make up for interruptions in the supply of Egyptian gas. Jordan had to revert to importing solar fuel to replace the Egyptian gas to operate the power generation companies to produce electricity, with solar fuel being more expensive than the gas. Consequently imports had to rise to meet this need. The increase in the population of Jordan due to the Syrian crisis necessitated that Jordan import more fuel, which already was straining its budget and trade balance, causing the trade deficit to grow even further.

The majority of imports are manufactured goods and machinery; which make up approximately half of all imports[22]. The majority of Jordanian exports during the same period were comprised of "Animal and Vegetable Oils, Fats and Waxes" followed by "Miscellaneous Manufactured Articles". The latter consists primarily of apparel and clothing exports, with Jordan benefitting from the Qualified Industrial Zone (QIZ) and Free Trade Agreement (FTA) with the US. Figure 6 shows Jordan's Trade balance.

Figure 10 Trade Balance, 2005-2012



Source: Central Bank of Jordan. Statistical Database, June 2013, WWW.CBJ.gov.jo

Due to the conflict in Syria, Jordan has lost one of its major trade routes, resulting in a drop of the trade balance to 9 percent in 2012[23]. Although the magnitude of trade between Jordan and Syria is usually small[24], Jordan has depended on Syria for transit trade, and the violence in Syria has impacted transit routes to Turkey, Lebanon, and Europe. This has forced Jordan to consider more expensive alternative routes, for example Iraq and the Aqaba Port, which is bound to adversely affect export price competitiveness.

Recent data[25] shows that Jordanian exports to Syria during the first 10 months of 2013 decreased by over JD 51 million or 43 percent from JD119.4 million for the same period in 2012. Moreover, exports to Lebanon decreased by JD49 million or 41 percent from JD120.6 million during the same period in 2012. Notably, a significant portion of Jordanian agricultural products used to be exported to Syria and were disrupted.

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[22] Central Bank of Jordan, "Monthly Statistical Bulletin," June 2013
[23] Central Bank of Jordan, www.cbj.gov.jo
[24] *Jordan Economic Monitor*. Rep. World Bank, 2013. Web. 12 Aug. 2013. <http://www.worldbank.org/content/dam/Worldbank/document/MNA/Jordan_EM_Spring_2013.pdf>.
[25] Monthly Statistical Report, Nov. 2013, Jordan Department of Statistics, www.dos.gov.jo

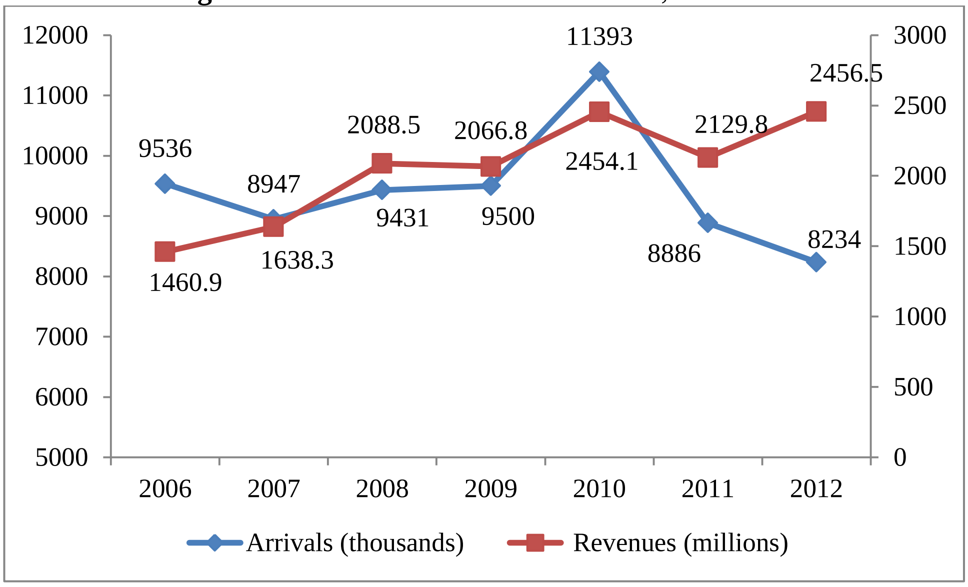
On the other hand, re-exports to Syria during the first 10 months in 2013 fell by 23 percent from JD10.9 million during the same period in 2012. Similarly, re-exports to Lebanon during the first 10 months of 2013 decreased by 66 percent from JD32.2 million[26].

Additionally, the rise in Syrian refugees has greatly affected imports in Jordan. Since the beginning of the Syrian crisis, Jordan's imports have increased by 22 percent in 2011, and 9 percent in 2012[27]. During the first 10 months of 2013, imports from Syria increased by 24 percent relative to the same period in 2012, bringing the total imports to JD146.5 million. In effect, the crisis in Syria has negatively impacted the trade balance in Jordan: exports decreased while imports rose, which aggravated the trade imbalance.

1.10. Tourism

The Syrian crisis has resulted in a decrease in the total number of tourists to Jordan. In 2011, the conflict in Syria led to a 34 percent drop in the number of tourists from Syria and a drop of 17 percent in the total number of tourists. In 2012 Jordan experienced an additional 7 percent decrease in the total number of tourists. The initial decrease in the number of tourists in 2011 led to a 13 percent decrease in income tourism; however, despite the further decline in the number tourists in 2012, income from tourism rose by 15 percent in 2012 to reach levels slightly higher than those witnessed in 2010. This rebound may be partly attributed to the significant growth in tourism income from Arab tourists from countries, which are not a part of the Gulf Cooperation Council (GCC), as well as a slight increase in GCC tourists, whom often have higher purchasing power than Syrian tourists[28]. The increase may also be attributed in part to the influx of medical tourism from Libya and Yemen. The amount of income from tourism and the number of arrivals for 2006-2012 are shown in Figure 8 below:

Figure 11 Tourism Revenue and Arrivals, 2006-2012



Source: Central Bank of Jordan, Annual Report 2012

Recent data[29] shows that the number of tourists visiting Jordan decreased by 14.8 percent during the first 10 months of 2013 from 5,447,365 during the same period in 2012. Every tourist segment suffered a drop in numbers except for "Jordanians Living Abroad," which increased slightly during

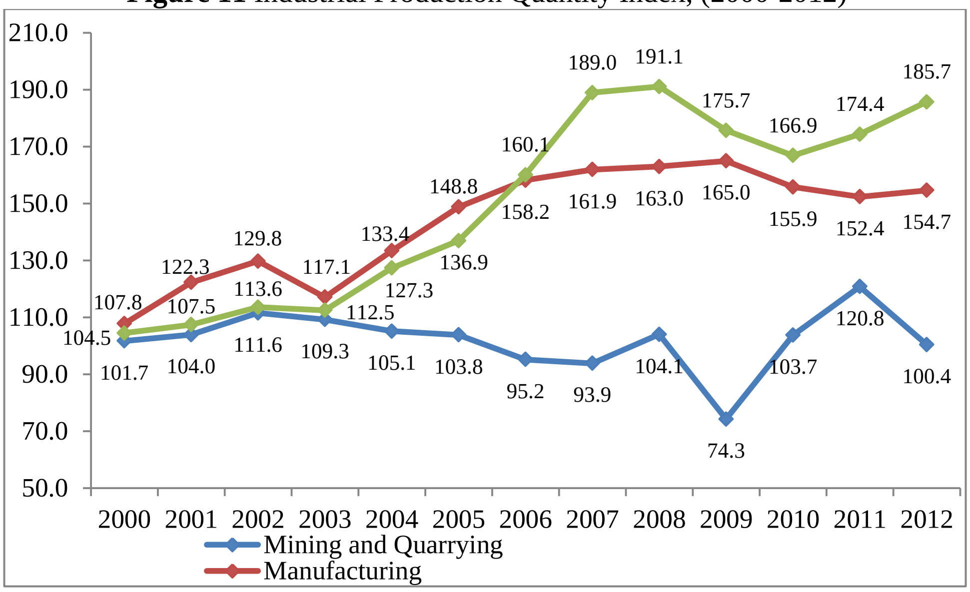
[26] Ibid
[27] Jordan Economic Monitor (2013)
[28] Ministry of Tourism, Tourism Statistical Newsletter (2010, 2011, 2012), and Jordan Tourism Satellite Accounts (2011).
[29] Data provided by the Jordan Ministry of Tourism and Antiquities, 19 11 2013.

the period relative to the same period last year. The numbers of Arab, American, and EU tourists decreased by 12.4%, 5.4% and 8.8%, respectively, during the period relative to the same period in 2013. The drop in the number of Arab tourists is explained by the impact of the crisis on tourism to Syria and Lebanon via Jordan; thus Jordan lost some of the transit tourism. The number of US and EU visitors to Jordan may have decreased because of a heightened sense of insecurity in the region. It is possible that with a protracted crisis and a potential escalation of violence in Syria, international tourists will continue to steer away from the region, including Jordan, resulting in additional economic losses and lower revenues.

1.11. Industry

As shown below, the impact on industry has varied, depending on sector. The production of electricity was subject to a significant increase (from 166.9 to 185.7) since 2010 as shown in Figure 10 below, as the population of Jordan grew. This growth occurred even though the government increased prices in 2012. Manufacturing decreased from 155.9 to 154.7 in 2012, as expected with an energy price hike. Mining and quarrying increased in 2011 due to a surge in world prices of phosphate and potash, Jordan's primary mining exports, and then declined in 2012 as a consequence of the rise in energy prices, and a decline in world demand.

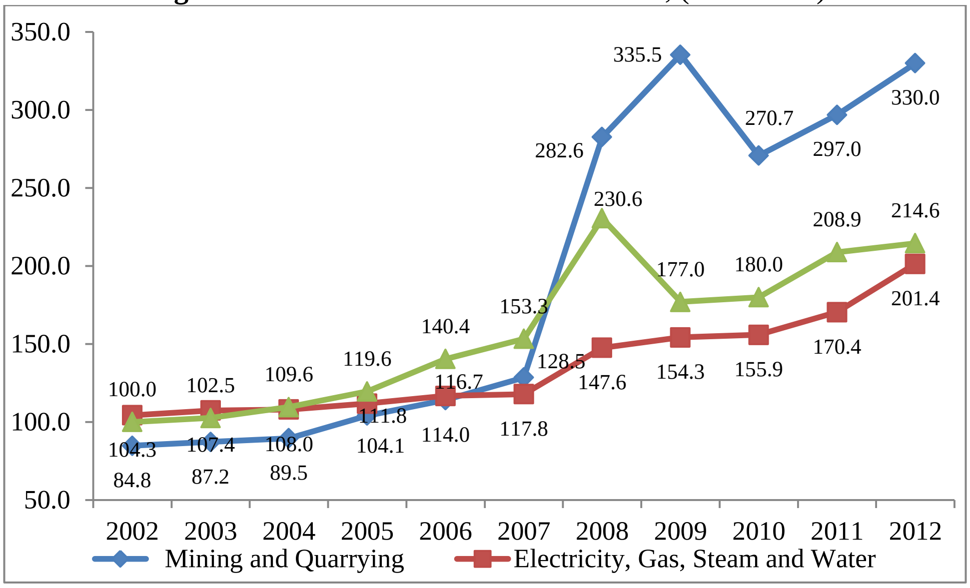
Figure 11 Industrial Production Quantity Index, (2000-2012)



Source: Central Bank of Jordan. Statistical Database, October 2013, [WWW.CBJ.GOV.JO](http://www.cbj.gov.jo)

In terms of the prices of industrial goods, the mining sector suffered the greatest price hike. The mining sector saw prices rise from 270.7 points in 2010 to 330 in 2012. Price hikes to the mining sector were followed by increases in other sectors such as electricity, gas, water, and steam, which saw respective price indices increase from 155.9 in 2010 to 201.4 in 2012. Manufacturing prices which comprise the majority of Jordanian industry were affected by the overall rise in demand for energy in Jordan due to the Syrian crisis and the increase in the cost of energy in light of the supply interruptions which increased from 180 in 2010 to 214.6 in 2012, making the manufacturing sector less competitive and contributing to the growth in the trade deficit.

Figure 12 Industrial Production Price Index, (2000-2012)



Source: Central Bank of Jordan. Statistical Database WWW.CBJ.GOV.JO

2. Employment, Livelihoods, Poverty

This chapter investigates the impact of the Syrian refugee influx on the Jordanian labour market and on Jordanian livelihoods, with a focus on the vulnerable and poor in the highly affected governorates of Mafraq, Irbid, Zarqa and Amman. Using 2010 as a base period, the sections in this chapter present the pre-Syria crisis conditions in Jordan with regard to employment and labour, livelihoods and poverty, agriculture and food security, as well as social protection, with a focus on these four governorates, where nearly 90% of registered Syrian refugees reside. Each section then traces the changes in economic and social conditions through 2013 for Jordanians and, to the extent that information permits, for Syrian refugees, before presenting a set of response options that can help the government better cope with the crisis.

2.1 Employment and Labour

This section addresses the impact of Syrian refugees on the labour market in Jordan. It begins with an overview of economic activity, employment, and unemployment over the past three years. This overview serves as the backdrop for a presentation of actual and potential Syrian refugee participation in the labour market in the Mafraq, Irbid, Zarqa and Amman governorates, the four governorates in Jordan with the highest refugee density. An assessment of the employment and wage impacts of Syrian refugee workers in these governorates, and in Jordan as a whole, are then considered. Finally, the section offers some recommendations for addressing the impacts that the influx of Syrian refugees has had on the Jordanian labor market.

I. Pre-crisis Situation

Working Population, Employment and Unemployment

In 2010 Jordan had a population of about 6.1 million people.[30] In that year about 39.6% of the population 15 years of age and above were economically active, a total of about 1.55 million people. Of these, an estimated 1.35 million were employed, and about 196,600 were unemployed, with a national unemployment rate of 12.7% in 2010 (see Table 9).

Table 4 Jordan Labour Market Aggregates, QI-QIII Averages, 2010 and 2013

	2010 Averages	2013 Averages	2010-2013 Changes	Average Annual Changes
Population	6,181,000	6,458,439	4.5%	1.5%
Economically Active	1,550,852	1,716,028	10.7%	3.6%
Activity Rate	39.6%	37.3%	-2.3 pp	-0.7 pp
Employed	1,354,263	1,490,976	10.1%	3.4%
Unemployed	196,589	225,052	14.5%	4.8%
Unemployment Rate	12.7%	13.1%	0.4 pp	0.1 pp

30 All population and labour force data for 2010 and 2013 are taken from: http://www.dos.gov.jo/dos_home_e/main/.

Comparing the 2010 baseline to 2013 data indicates a population growth rate of about 4.5 percent, or about 1.5 percent per year on average, excluding Syrian refugees and other expatriates. The size of the economically active population grew more than twice as fast as the general population growth (3.5 percent per year). This growth occurred despite a decline in the average activity rate from 39.7 percent to 37.3, and took place because the number of Jordanians entering their working age years (15+ years) rose disproportionately fast. This, in turn, is due to the relatively young character of the Jordanian population.

The labour market generated about 10 percent more employment in the years between 2010 and 2013, an average of about 45,570 new jobs per year.[31] At the same time, the rapid growth of the working age population generated an average of 14.5 percent more unemployed persons, raising the average unemployment rate by about one-half percentage point, to 13.1 percent in 2013. *The Jordanian labour force of economically active persons grew far more rapidly than the population in general, with an employment generation that is insufficient to keep pace with labour force growth. The result is that the number of unemployed persons has grown faster than the number of employed persons.* It is particularly striking that unemployment rates among women were about twice that of men in this period, with young educated women facing particularly high rates. Unemployment rates among all youth aged 15-24 were above 30 percent in this period.

Structure of Employment

Of the 1.35 million employed Jordanians in 2010, about one fifth were employed in productive activities, including agriculture (1.8 percent); manufacturing (10.4 percent); utilities and water provision (1 percent), and construction (6.2 percent). About one-sixth of the employed labour force was engaged in commerce, i.e. wholesale, retail trade, and vehicle repair. Finally, about 63 percent of the employed worked in public and private services. The public sector (including central and local government administration, public education, health systems, and security forces) accounted for at least 35 percent of total employment in 2010. The private services—including private education and health, transport, hotels and restaurants, information technology and communications, finance, insurance, real estate and business and personal services—were responsible for about 28 percent of total jobs. Women held about 16.1 percent of the average total number of jobs in Jordan in 2010. Another key factor of the structure of the labour market in Jordan are migrant workers who occupy low skilled jobs in manufacturing, construction, agriculture and personal services.

In the three-year period since 2010, the structure of employment has remained largely intact, although public sector employment grew more rapidly than private sector employment in general. Within the private sector—which still accounts for the bulk of total Jordanian employment—certain activities grew disproportionately. These included real estate, hotel and restaurant, banking and insurance and agriculture activities. Job losses occurred in transport and storage, administrative services, arts and entertainment, utilities production and in water supply and waste management.

It is important to note that more than half of the private sector employment is informal defined as: 1) self-employed persons; 2) persons working in businesses that are not registered and do not pay taxes and/or; 3) employees who do not pay into the social security fund but work in a registered business.[32]

Informal sector employment is overwhelmingly dominated by men, as about 70 percent Jordanian women working outside home are employed in the public sector (e.g. public administration, public

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31 *Jordan's National Employment Strategy 2011-2020* indicates that during 2000-2009, the economy generated about 45,700 jobs per year on average. Net employment growth in the past three years was nearly identical. The *Employment Strategy* points out that some 42 percent of job growth was in the public sector.

32 UNDP and the Government of Jordan *The Panoramic Study of the Informal Economy in Jordan*, 2012. It is important to point out that the labour force surveys capture a good deal of Jordanian informal sector employment in that the household surveys ask about employment regardless of whether the person engaged is part of the social security system or whether the employer for which he/she works is registered or pays taxes.

education, public health services) or in formal private sector activities (e.g. private education and health services). Among the majority share of women who do not work outside home, and especially among poorer families, there is a propensity to take on informal home-based work that can be done in conjunction with child care.[33]

National efforts for addressing employment and unemployment challenges:

Over the years there has been significant governmental efforts to address the employment challenges in Jordan. More recently, the National Employment Strategy (2011-2020) was launched as a means to strengthen these efforts. The strategy The Strategy focuses on youth employment, and the inclusion of women in the labour force. It emphasizes the need to upgrade the Technical Vocational Education and Training (TVET) system and make it more market relevant. It seeks to address the structural employment problems including the reliance on migrant workers and calls for programmes to amplify job creation including in the rural areas and governorates, while expanding social protection to all. The Strategy notably endorses the development and reinforcement of social dialogue mechanisms and promotes compliance with international labour standards.

II. Impact Analysis

Estimating the Refugee Population

Jordan has a history of hosting Syrian residents and labour migrants. In addition to a long-standing Syrian resident community in Jordan, the past decades have seen seasonal and more regular flows of thousands of young Syrian jobseekers enter the Jordanian labour market. These workers have found employment in agriculture, construction, and services, at generally low wages. Living inexpensively in communal housing arrangements has allowed them to accumulate savings and send remittances to their families in Syria.[34] The recent influx of Syrian refugees has been quite different in character from this labour migration, as it has been much larger in scope and has been motivated by intense conflict. Additionally while refugees enter Jordan legally, they are not entitled to work permits that allow them to access jobs.

To gauge the actual and potential impact of this sudden increase in population and its impact on local Jordanian labor markets in the most affected governorates, it is necessary to begin with a quantitative accounting of the Syrian refugee population and *potential* refugee working populations. As of late October 2013, as indicated in Table 10, nearly 90 percent of registered Syrians were located in the Mafraq, Irbid, Zarqa and Amman governorates.

[33] UNDP and Government of Jordan *The Panoramic Study of the Informal Economy of Jordan,* 2012.
34 CARE Jordan *Baseline Assessment of Community Identified Vulnerabilities among Syrian Refugees Living in Amman* October 2012.

Table 5 Estimated Registered Syrian Refugee Density in Four Host Governorates, QIII 2013

Governorate	Estimated Jordanian Population	UNHCR-Registered Refugees	UNHCR-Registered Refugee Density
Mafraq	331,410	181,683	0.5482
Irbid	1,216,864	123,099	0.1012
Amman	2,448,847	133,373	0.0545
Zarqa	914,111	47,849	0.0523
Jordan	**6,458,439**	**549,575**	**0.0851**

Mafraq governorate (including the Za'tari refugee camp) has an estimated refugee density of nearly 55 percent, indicating that Syrians accounted for more than *one-third* of the total estimated population residing there. Irbid governorate has a slightly higher than average refugee density, while Amman and Zarqa governorates have lower than average densities.[35]

It is important to point out that the number of Syrian refugees in Jordan, and in any particular governorate at any given point in time, is fluid. While the inflows of refugees since the beginning of the Syrian crisis has been more or less continuous, some Syrian refugees have entered the country unofficially, having neither registered with the Ministry of Interior, nor with UNHCR.

Estimating the Refugee Working Population in the Jordanian Labour Market

Two important realities regarding Syrian refugee labour market participation in Jordan must be stated here. First, the Jordanian government has liberally granted residency status for Syrians fleeing strife in their country but has not granted work permits. Thus, according to Jordanian laws, Syrian refugees are prohibited from working in the country. Second, with regard to the refugee population in the Mafraq governorate, approximately two-thirds of these reside in the Za'atari refugee camp. As such, movement out of the camp, including that associated with the search for work, is severely constrained. Thus, the relevant share of the refugee population in Mafraq that might engage in work is effectively reduced by two-thirds. Therefore, Za'atari camp residents have been excluded from the following analysis. Both of these realities constrain to some extent refugee labour force engagement.

Table 11 provides economic activity estimates for the Jordanian population, for Syrian refugees in Mafraq, Irbid, Zarqa and Amman governorates, and for the country as a whole. The figures for the Jordanian population are based on Department of Statistics (DOS) population and labour survey estimates, which include Jordanian males and females 15+ years of age. The Syrian figures are based on refugee registration data from UNHCR, and economic activity estimates from an assessment

35The Ministry of Interior and the Department of Statistics generated data for July 2013 indicating higher densities in specific cities and towns in the four main governorates of Syrian refuge.

survey conducted by Care International Jordan.[36] Given numerous reports of Syrian children as young as 12 years old being encouraged to find menial jobs, and in the context of significant numbers of children not attending school, the activity rate for Syrians is calculated for males and females 12 years old and above.[37]

36 UNHCR registration data are for late October 2013 as provided by their website. The estimate of Syrian refugee labour market activity relied mainly on CARE Jordan *Syrian Refugees in Urban Jordan: Baseline Assessment of Community-Identified Vulnerabilities among Syrian Refugees Living in Irbid, Madaba, Mufraq, and Zarqa*, April 2013. CARE provided detailed survey data on 1,485 individual responses to questions regarding activity status from members of 300 Syrian refugee households. These were used to estimate the size of the potential refugee labour force, as well as the number of self-reported employed. The employed included about 160 persons 12+ years of age, all but one of them males. The unemployed were calculated as 294 persons, of whom 24 were females, as follows: 1) all persons 12+ years self-reporting as unemployed (the vast majority of whom reported previous work in a wide range of occupations in Syria). These are 75.5 percent of the unemployed category; 2) all persons 12+ years reporting as students "out of school" or university students or graduates but with no previous work experience. These are 24.5 percent of the unemployed category. Activity averages for the entire sample were applied to the four governorates. Informal home-based livelihood activities, including cooking, baking, tailoring, jewelry making, petty commerce, etc. were also noted among a number of surveyed Syrian refugees in the CARE Jordan assessments. Refugee women indicated a strong preference for this type of home-based work.

37 Using the lower minimum age for Syrian refugee labour force participation is in line with anecdotal evidence as provided, among others, in the following: both CARE Jordan assessments; ILO Regional Office for the Arab States *Mission Report*, June 1-6, 2013; IFRC *Assessment Report–Syrian Refugees in the Community, Jordan* September 2012.

Table 6 Estimates of Economic Activity, Employment and Unemployment of Jordanians and Syrian Refugees in Four Governorates, QIII 2013

Governorate	Economic Activity Rate	Active Labour Force	Employed	Unemployed	Unemployment Rate
Mafraq					
Jordanians	36.2%	72,141	62,469	9,672	13.4%
Syrian Refugees (excluding Za'atari)	48.5%	17,083	6,020	11,062	64.8%
Irbid					
Jordanians	37.3%	292,325	252,683	39,642	13.6%
Syrian Refugees	48.5%	35,690	12,578	23,112	64.8%
Zarqa'					
Jordanians	35.7%	202,843	177,729	25,115	12.4%
Syrian Refugees	48.5%	14,063	4,956	9,107	64.8%
Amman					
Jordanians	36.9%	604,897	534,338	70,558	11.7%
Syrian Refugees	48.5%	41,426	14,600	26,827	64.8%
Four Governorates					
Jordanians	36.5%	1,172,206	1,027,219	144,987	12.8%
Syrian Refugees	48.5%	108,262	38,154	70,108	64.8%

The detailed activity data averages for Syrians in the governorates outside Amman were also applied to the Amman governorate.[38] In the case of Mafraq governorate, the population of the Za'atari refugee camp has been deducted from the total Syrian refugee population and labor force base as movement outside the camp is significantly constrained.

As indicated in Table 11, the Syrian refugee average activity rate is estimated at 48.5 percent of the population 12 years and above, compared to the Jordanian activity rate of 36.5 percent of the population 15 years and above. The significantly higher estimated labour market activity rate of Syrian refugees relative to Jordanians is consistent with evidence from other surveys and from studies done in Syria before the crisis. A number of reports suggest that Syrian refugee men, in particular, are working or seeking work at relatively high rates. [39]

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38 The detailed data on the CARE rapid assessment in Amman conducted in the late summer of 2012 were not readily available. That survey included 60 Syrian refugee households (332 persons). A notable difference between the two studies is the higher reported employment activity among Syrian refugees in Amman, relative to those in the four other governorates surveyed in early 2013. See CARE Jordan *Baseline Assessment of Community Identified Vulnerabilities among Syrian Refugees Living in Amman* October 2012.

39 CARE Jordan informs that perhaps 90 percent of able-bodied adult males indicated they were seeking employment in their assessments. CHF International implies that about 42 percent of their survey respondents had found work. See *Syrian Refugees Crisis: Rapid Assessment Amman, Jordan* July 2012. Most assessments

The *potential* active refugee labour force in the four governorates is estimated at about 108,265 of whom about 38,155 are estimated to be employed—regularly or irregularly—and 70,110 are unemployed, in effect searching for work. *Syrians are estimated to constitute about 8.4 percent of the total potential active labour force in the four governorates, as much as 3.5 percent of all employed persons, and as much as one-third of all the unemployed.* The situation in Mafraq, even with the exclusion of the Za'atari Camp population from the analysis, is particularly dramatic. Economically active Syrians in this governorate could be as much as 20 percent of all active persons, about 9 percent of all employed, and more than half of all unemployed.

Assessing Employment Impacts on Jordanians

Given the rapid growth of the actual (and potential) refugee labour force in the four governorates since early 2012, concerns have emerged that the Syrian influx constitutes a threat to the employment and livelihoods of host community Jordanians. Despite the rapid increase in Syrian refugee labour force activity in the four governorates, there is little change in the total number of economically active Jordanians there.

Increases in labour market participation among Jordanians in Mafraq and Irbid, the two governorates with the highest Syrian refugee densities, were offset by declines in the Zarqa and Amman governorates. Jordanian employment declines in Zarqa and Amman were more than offset by gains in Mafraq and Irbid. Employment of Jordanians in the four governorates increased 1.2 percent on an average annual basis while unemployment grew by 0.4 percent on an annual average basis between 2010 and 2013. By comparison, on a national basis, Jordanian employment grew by 3.3 percent and unemployment by 4.8 percent on an average annual basis in the same period. *Thus, employment growth was slower than average in the four governorates, but so too was unemployment growth.*

Finally, the average Jordanian unemployment rates in Irbid and Zarqa rose by about 1 percentage point, and declined somewhat in the Mafraq and Amman governorates. Overall, the unemployment rate in the four governorates increased from 12.2 percent to 12.4 percent while, on a national level, the unemployment rate rose from 12.7 to 13.1 percent in the same period. *Thus, the rate of increase of the unemployment rate in the country at large was greater than in the four gove*

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indicate that many employed Syrians earn below minimum wages, further supporting the view that these refugees are desperate to find work and may have a significantly higher average activity rate relative to Jordanians.

Studies of Syrian labour force participation indicate that the rural population, both male and female, starts work as young as 12 years of age. Furthermore, rural women had estimated average economic activity rates of 23 percent, about twice the rate of rural Jordanian women. See Geir Ovensen and Pal Sletten *The Syrian Labour Market; Findings from the 2003 Unemployment Survey* (Oslo: Fafo, 2007) and Henrik Huitfeldt and Nader Kabbani "Labour Force Participation, Employment and Returns to Education in Syria," Economic Research Forum, Cairo, 2005. This is relevant in light of the fact that the vast majority of Syrian refugees in Jordan are from rural areas.

Table 7 Jordanian Labour Market Evolution in Four Governorates, 2010-2013

	2010 Average	2013 Average	Total Change	Average Annual Change
Economically Active	**(Rounds 1-3)**	**(Rounds 1-3)**		
Mafraq	65,006	72,141	7,135	3.7%
Irbid	263,072	292,325	29,254	3.7%
Zarqa	216,324	202,843	-13481	-2.1%
Amman	628,778	604,897	-23881	-1.3%
Total	1,173,180	1,172,206	-974	0.0%
Employment				
Mafraq	55,581	62,469	6,888	4.1%
Irbid	229,834	292,325	62,491	9.1%
Zarqa	191,167	177,729	-13438	-2.3%
Amman	553,365	534,338	-19027	-1.1%
Total	1,029,947	1,066,861	36,914	1.2%
Unemployment				
Mafraq	9,425	9,672	247	0.9%
Irbid	33,237	39,642	6,405	6.4%
Zarqa	25,157	25,115	-43	-0.1%
Amman	75,413	70,558	-4854	-2.1%
Total	143,233	144,987	1,754	0.4%
Unemployment Rate				
Mafraq	14.5%	13.4%	-1.1%	-
Irbid	12.6%	13.6%	0.9%	-
Zarqa	11.6%	12.4%	0.8%	-
Amman	12.0%	11.7%	-0.3%	-
Total	12.2%	12.4%	0.2%	-

Data on the activity distribution of employment by governorate is not readily available from DOS, but national data suggest that the declines in Jordanian employment during 2010-2013 occurred in activities not known to employ significant numbers of Syrian refugees. On a national level, there were job losses in transport and storage, administrative services, utilities production, arts and entertainment, foreign organizations and water supply and waste management. These, it should be noted, tend to be formal economic activities. At the same time, economic activities in which Syrian refugees are known to be employed—such as wholesale and retail commerce, restaurants, construction, agriculture and personal services—all experienced *Jordanian* employment growth on a national level in 2010-2013. These activities are predominantly informal.

In the absence of work permits from the Ministry of Labour, Syrian refugees would have great difficulty finding employment in the private formal economy[40]. Furthermore, a good number of Jordanian small businesses engage family labour mainly and/or have longstanding relationships with their employees and are unlikely to replace them with Syrian refugees.[41] Finally, the Ministry of Labour in 2013 has scaled up its enforcement of Jordanian labour laws, which prohibit the employment of expatriates lacking valid work permits.[42] Thus, even informal work opportunities may be somewhat limited for Syrian refugees.

Nonetheless, local surveys and assessments from a range of observers indicate sometimes significant Syrian refugee male employment in specific localities, with concentrations in informal agriculture, construction, food services and retail trade.[43] *This suggests that, to the extent that Syrian refugees have displaced Jordanian labour, this takes place in local and informal settings, where seasonal irregular work is found.* The negative impact of such displacement would also be felt among Egyptian expatriate workers, who are very prominent in the informal economy.[44] Among Syrian women, there has been some limited development of home-based activities such as taking on sewing, cooking, baking and cleaning tasks for Jordanian households, as well as running informal hair salons. While some of these activities may have augmented local services, rather than displacing existing Jordanian informal activities, there is some evidence that poorer Jordanian women—particularly those who head households—may be under increasing competition in home-based production activities from Syrian women.[45]

As already noted, there are significant legal and institutional obstacles to the entry of Syrian workers into the local labour market. Perhaps the most important of these is the legal prohibition against such work and enforcement by labour inspectors grown significantly in 2013. It should also be noted that Syrian refugees receive some amount of assistance based on their refugee status which limits to some

40 ILO Regional Office for the Arab States, *Mission Report*, June 2013.

41 See Rochelle Davis and Abbie Taylor "Syrian Refugees in Jordan and Lebanon: A Snapshot from Summer, 2013," The Center for Contemporary Arab Studies, The Institute for the Study of International Migration, Georgetown University, Washington, DC. The IFRC reported that, except for Amman, even informal employment was difficult to find for Syrian refugees. See *Assessment Report–Syrian Refugees in the Community, Jordan,* September 2012.

42 The Ministry of Labour reports that between March-October 2013, 589 businesses were closed for hiring unpermitted Syrian workers specifically. These included restaurants, cafes, coffee sellers, supermarkets, butcher shops, filling stations, car washes, clothing shops and bakeries. About 6,100 Syrians were affected by these closures. Shuttered businesses were located in every part of the country but with high concentrations in the Amman, Zarqa and Mafraq governorates. Nearly all affected businesses were owned by Jordanians. The Ministry indicates that about 36.5 percent of documented illegal work incidents between March-October 2013 involved Syrians as compared to only 9.1 percent in 2010. Information provided by the Ministry of Labour, November 2013.

43 In addition to the sources cited above, see Mercy Corps *Mapping of Host Community-Refugee Tensions in Mafraq and Ramtha, Jordan*, May 2013.

44 Op cit., Rochelle Davis and Abbie Taylor "Syrian Refugees in Jordan and Lebanon."

45 Information is taken from UN Women's on-going (2013) assessment of the economic impact of Syrian conflict on the economic empowerment of women in pockets of poverty. In focus group discussions with Jordanian women, a prevailing perception was that Syrian women are more skilled, competitive, settled for lower wages and are willing to work under extreme conditions. Jordanian women indicated that the resulting loss of income limits their contributions to family incomes and, by extension, their ability to influence family decisions.

extent; presumably, this would tend to reduce their economic activity rate. Thus, the “worse case” is mitigated by other factors limiting labour market participation.

Nevertheless, as the Jordanian economy is characterized by tens of thousands of small, mainly informal enterprises in agriculture, construction, retail trade, hotels, restaurant and food services, vehicle repair and personal services[46] *the expectation is that Syrian refugees will, over time, develop more contacts and relationships with Jordanian employers in host communities, and make progressive inroads into informal employment.* With hundreds of thousands of Syrians in the country, the vast majority residing in urban areas of the four governorates, *it is expected that enterprising and resourceful Syrian refugees, driven by their difficult livelihood conditions, will inexorably be pulled into the orbit of the Jordanian economy.* Such a phenomenon has the potential to result in larger scale displacement of vulnerable Jordanians from the labor market. (For a more detailed analysis of this, see the livelihoods section in this report.)

Assessing Wage Impacts

Thus far, evidence suggests that the main impact of the increased Syrian labour market activity in Jordan has been to put downward pressure on wages in the informal economy, particularly in agriculture, construction and retail commerce, where wages were already low. This is one result of weak enforcement of laws, which gives employers the leeway to hire informally and below the national minimum wage. DOS data for 2011 indicate that *daily wages* in the bottom half (lowest skill) of private sector occupations (excluding agriculture) averaged about JD 10, as compared to JD 15 for the economy as a whole.[47] Numerous accounts indicate that Syrian refugees have been working for significantly less than unskilled Jordanians and others in the informal economy. Reports indicate wages for unskilled and semi-skilled Syrians of JD 4-JD 10 per day, with Syrian children earning as little as JD 2-JD 5 per day, rates insufficient to provide subsistence livelihoods.[48]

Lower informal economy wages resulting from increased Syrian refugee will likely have negative implications for Jordanians. Such wages gives rise to labour exploitation and deteriorating work standards, including the rise of child labour. This is especially relevant in the context in which Syrian children are already working. Lower wages will have especially negative consequences for the most vulnerable segments of the Jordanian employed population, especially the working poor. Given that more than half of the poor work,[49] and that about half the income of poor families in Jordan is derived from wages[50], downward pressure on wages threatens to intensify the degree of poverty. Beyond this, a significant share of Jordanian households have incomes that place them just above the national absolute poverty line.[51] *Such vulnerable households could be pushed below the poverty line by wage compression.* Finally, Jordanian authorities already face difficulties in labour market management, particularly as this relates to monitoring working conditions of migrant workers who may be

46 The DOS 2006 establishment census found that of the more than 147,000 non-agricultural establishments in the country, 92.2 percent employed fewer than 5 persons and a further 6.2 percent employed between 5-19 persons. Informal employment (defined as workers who do not contribute to the social security system) in Jordan was estimated at 44 percent of all employment in 2010. See Roberta Gatti, et al *Striving for Better Jobs: The Challenge of Informality in the Middle East and North Africa*, World Bank, Washington DC, 2011.

47 These average wage rates, in the main, pertain to the formal sector occupations in the bottom half of the private sector. See Government of Jordan *Jordan’s National Employment Strategy, 2011-2020*, n.d., p. 16.

48 See CHF International *Syrian Refugees Crisis: Rapid Assessment Amman, Jordan* July 2012; IFRC *Assessment Report–Syrian Refugees in the Community, Jordan* September 2012; ILO Regional Office for the Arab States *Mission Report*, June 1-6, 2013.

49 UNDP and the Government of Jordan *Jordan Poverty Reduction Strategy-Final Report*, January 2013. In 2010, some 55.2% of those in poverty and of working age are employed. Poverty in this context is defined as persons who fell below the absolute poverty line.

50 See DOS *Household Income and Expenditure Survey, 2010*, Table 3.11.

51 Refer to the section on livelihoods and poverty in this assessment.

exploited. The current situation is likely to put even more pressure on the Ministry of Labour and, in particular, on its already stretched labour inspection functions to ensure compliance with labour law.

III. Response Options

Response options directed at mitigating the negative consequences for poor and vulnerable households are presented in the next section that deals with poverty and vulnerability issues. Below are possible options geared towards improving the Jordanian labour market environment.

Addressing pre-existing labour market management challenges
This primarily includes strengthening the role of the Ministry of Labour and the Vocational Training Corporation to allow them to have stronger impact in labour market management, including ensuring compliance with labour laws through strengthened labour inspection structures, stronger monitoring and evaluation to assess the impact of employment and training programmes and reforming vocational educational structures to make them more market relevant.

Improving labour migration management
The Syrian refugee influx has compounded existing problems associated with large numbers of migrant workers in Jordan. As noted by the National Employment Strategy (NES), Jordan will partially rely on foreign labour for a long time to come. However, the NES calls for a labour market in which foreign workers complement the Jordanian workforce, rather than substitute it, and one in which all are subject to decent working conditions. This will require changing the incentives of Jordanian employers to invest more in training Jordanians on the job and motivating Jordanian workers to build their technical and employability skills to meet needs.[52] With the existence of Syrian refugees already working in Jordan, this will also require a clear legal framework with respect to organization and regulation of Syrian participation in the labour market.

Formalizing the informal economy
The Syrian refugee influx has brought attention to the high degree of informality in the Jordanian economy which tends to be connected with low quality jobs with little or almost no security for job holders and enterprises with low productivity. This is also associated with large number of informal migrant workers especially in the construction and agriculture sectors. Upgrading the informal economy work requires a comprehensive mix of policies. For informal enterprises it includes policies that foster their growth through entrepreneurship development, training and credit facilities to enable these enterprises to become more productive and have the capacity as well as the incentive to register as formal enterprises. For workers, it includes market-relevant skills development, social protection as well as improving skills for higher productivity.

Developing an effective wage policy
Low-paid workers, and the vulnerable in the four most affected governorates are already feeling the negative effects of the supply of Syrian labour. While Jordan has a minimum wage policy this is not applicable to informal economy workers. As such there is a need for a stronger wage policy to correct this market failure and produce efficient and socially desirable incomes for all. Indeed, failure of productivity growth to translate into higher wages at the lower end of the wage distribution has contributed to high numbers of working poor, and to increasing inequality. As such a wage policy should address these issues while ensuring that it is designed in a way that balances the interests of workers and employers and evaluated over time based on evidence and adjusted as needed.

52 See *Jordan's National Employment Strategy, 2011-2020,* n.d., pp. 72-74.

2.2 Livelihoods, Poverty and Vulnerability

The previous section highlighted that the impact of the Syrian crisis on the Jordanian labour market is likely to primarily affect the vulnerable Jordanian workers – the working poor, whereby Syrian workers, driven by their difficult economic conditions will be increasingly competing with them for low paying, unskilled jobs in manufacturing, construction, retail trade, handicrafts and agriculture. The present section investigates further the issues of poverty and vulnerability in Jordan prior to the crisis, its manifestation and regional disaggregation, with a view of assessing the impact that the current crisis is having and could have on the livelihoods of the most vulnerable segments of the population.

I. Pre-crisis Situation

As per the Poverty Status Report of 2010, the latest official poverty survey, the absolute poverty rate in Jordan was 14.4%,[53] which means that a total of 118,995 households suffered from income poverty.[54] Successive poverty surveys in the past decade (2002, 2006, 2008 and 2010) have indicated that the absolute number of households that live under the poverty line has steadily increased, as a result of population growth. Given continued robust population growth, it is reasonable to expect the number of poor households to have increased through 2013. Furthermore, the Poverty Gap Index –a measure of poverty intensity,[55] increased from 2.8 in 2006 to 3.6 in 2010, indicating that the 'depth' of poverty has significantly increased since 2006, so that the households who are currently living in poverty are poorer than the poor households of 2006.

At the governorate level, the highest poverty rate in 2010 was in the governorate of Ma'an. Nonetheless, the highest total numbers of poor were in the governorates of Amman with 36,892 households, Irbid with 22,381 households, Zarqa with 17,866, and Mafraq with 9,168 households. The data also indicates that, while there was a higher incidence of poverty in rural areas (16.8%) compared to urban areas (13.9%), there were in fact a greater numbers of poor households in urban areas, at 95,266 households compared to 23,279 households in rural areas. This means that 80.35% of the poor households in Jordan are located in urban areas and 19.65% in rural areas.[56] This fact is particularly important when assessing the impact of the Syrian refugee influx on Jordanian host communities, as the latest data on the status of refugees confirm their presence mostly in urban areas.[57] In addition, the urban poor are found mostly in the governorates of Amman, Irbid and Zarqa and Mafraq, the four governorates with the highest Syrian refugee density.

For a more comprehensive understanding of the preexisting poverty and inequality in the area highly affected by the Syrian crisis, it is important to also review the level of vulnerability[58] and deprivation in host communities affected by the Syrian refugee influx. Unlike absolute poverty rates, vulnerability levels in rural areas are 7.5 percent higher than in urban areas; however, the absolute number of vulnerable households in the urban areas is almost four times greater as a result of the relative population distribution.[59] The governorates of Mafraq and Irbid have the highest vulnerability rates of 31 percent and 27 percent respectively; meaning that almost one third of their population is fragile when facing shocks that negatively affect income or the cost of living. A sudden influx of refugees

[53] This figure represents the percentage of the Jordanian population under the absolute poverty line, which is equal to an expenditure of 814 JD per individual per year (or 67.8 JD per individual per month). At the household level this equates to 4395.6 JD per household per year (or 366.3 JD per household per month). DOS 2010.
[54] Poverty Status Report, DOS 2010.
[55] This index calculates the average shortfall of the total population from the absolute poverty line. The higher the index, the more severe is the poverty.
[56] Poverty Status Report, DOS 2010
[57] UNHCR, Syrian Refugees District level data, October 2013
[58] The level of vulnerability is defined by DOS as those households with annual expenditure levels between JD 4,395 and JD 6,593, equal to 1–1.5 times the absolute poverty line.[58] The vulnerability measure enables the identification of an additional group of 255,231 households - approximately 22.5 percent of all households in Jordan, who live just above the absolute poverty line and are likely to fall into poverty as a result of shocks and/or socio-economic trends that negatively affect income or the cost of living.
[59] Poverty Status Report, DOS 2010

resulting in a drastic increase of population (ranging from 24 percent – 39 percent in the four highly affected governorates with Al Mafraq being the most affected), constitutes a severe shock, especially to the poor and vulnerable segments of the community.[60] Moreover, in addition to the high prevalence of poverty in the most affected governorates, the Quality of Life Index[61], which measures the standard of living to determine the percentage of households living in deprivation by assessing economic, health, educational, and housing wellbeing, confirms that levels of deprivation is the highest in the governorates of Mafraq (37.8 percent), Zarqa (32 percent), and Irbid (26.9 percent). This confirms that the pre-crisis vulnerability in the most affected governorates was not only an issue of income and expenditures levels for the poor, but also an issue of their ability to access decent habitat and social services.

Main Characteristics of Poor Households:
This sub-section describes the main characteristics of poor households in the most affected governorates of Amman, Irbid, Mafraq, and Zarqa as assessed prior to the Syrian crisis. This is necessary in order to establish a proper understanding of the coping mechanisms that are available to poor and vulnerable households, and to guide the development of new livelihoods strategies that are needed to increase resilience at local levels.

Looking first at demographics: an average poor household in Jordan is made of 7.4 members (4.1 are children), compared to the average national household size of 5.4 (2.9 are children), which indicates a higher level of dependency in poor households. This affects coping levels and limits the ability of poor households to accumulate savings. Approximately 86.3 percent of poor households are headed by men.[62] According to the Household Expenditure and Income Survey (HEIS) in 2010, 6.7 percent of heads of poor households have completed primary levels of education, 11.5 percent have attained secondary level education, and 6.3 percent have completed tertiary level education.[63] The remaining 75 percent heads of poor households did not complete a full course of education.[64]

Income generation capacity of poor households: Approximately half of the income of vulnerable households comes from employment, 25% from aid and cash transfers[65], 13 percent from obtaining rent; and 10 percent from selling home-produced goods and services. On average the total income accumulated from the above sources was JD 4,956 per year in 2010 for vulnerable households. The average expenditure for the same household reached JD 4,801 in the same year. The expenditure patterns for an average household in the poorest quintile indicate that approximately 50 percent of income is spent on basic food consumption and the other 50 percent spent mainly on house rent, transportation, fuel, clothing, health, education, and personal hygiene. Less than 0.3 percent is deposited in banks as savings, and zero resources are utilized to strengthen productive capital.[66]

Cash transfers: Cash transfers[67] represent approximately 25 percent of the income of poor households in the most affected governorates. The share of local population who received cash transfers was as follows: Amman, 5.9 percent; Mafraq, 12.8 percent; Irbid, 8.9 percent; and Zarqa, 7.9 percent.[68] These rates are much lower than the number of people living under absolute poverty, which indicates that less than half of poor households in the four most affected governorates receive transfers. Therefore, it is reasonable to conclude that the level of financial aid dedicated for poor households in the form of cash transfers, at 2010 levels, would not be sufficient to prevent additional vulnerable households from sliding below the absolute poverty line. Based on the DOS calculations

[60] MoI Syrian Refugees Statistics by Governorate, DOS July 2013
[61] This is the percentage of Jordanian households living in deprivation as the QLI assesses living standards using a number of indicators measuring economic, health, educational and housing well-being.
[62] HEIS – DOS 2010
[63] This is compared to non-poor households where 8.7% of heads of households completed primary education, 13.7% attained secondary education, and 24.4% completed tertiary education.
[64] Ibid[10]
[65] National Aid Fund, other government bodies, NGOs, Charitable societies, and others.
[66] Ibid 14
[67] Ibid[10]
[68] Ibid[10]

for the 2010 Poverty Report, it is estimated that the impact of government aid, in the form of the National Aid Fund (NAF), decreased the poverty rate by 1.4 percent from 15.8 percent to 14.4 percent with the biggest effect stemming from the expenditure of the poorest quintile of the population. The cost of the NAF reported in 2010 was JD79.2 million or USD113 million, of which 94 percent were recurring, cash assistance.[69]

It is important to note that government transfers, including the NAF, mostly take the form of emergency assistance, and are focused on maintaining income standards and preventing people from sinking further in poverty. While the immediate outcomes of these interventions on the poverty rate are celebrated, they may come at a significant cost to the national budget and are unsustainable in the long term.

Employment patterns: The share of the members of poor households who are employed is not much lower compared to members of non-poor households, 55.2 percent and 57.6 percent respectively. In general, the share of the working poor[70] is 28% higher in urban areas than in rural areas. In terms of geographical distribution, urban centers like Amman have a higher concentration of working non-poor (40.5 percent) compared to (30.5 percent) working poor. However, geographic distribution in the governorates of Zarqa, Irbid, and Mafraq, shows that the working poor are more heavily concentrated in the working force than the working non-poor, with 53.6 percent, 62 percent, and 74.6 percent respectively.[71] An analysis of job categories done by the 2010 Poverty Report indicates that the working poor are also more concentrated in low paying unskilled jobs, manufacturing, handicrafts and skilled agriculture, while the working non-poor are specialists or in technical jobs.[72]

Research on the profile of the "working poor" in Jordan confirms that the *majority of the poor households in the affected governorates are indeed working poor.* These households remain poor due to low wages.[73] This is compounded by informality, large families and high dependency ratios. "Much like the non-working poor, the working poor, are subject to impoverishment, vulnerability to shocks, and to intergenerational poverty.[74]" In addition, the working poor are excluded from benefiting from the cash assistance of NAF, described above, which accentuates the intergenerational transmission of poverty since the majority of the working poor have the highest number of children. [75]

Working age: the data presented in the DOS Poverty Report of 2008 illustrated that 67.2 percent of the poor in the affected governorates fell among the younger generation, below the age of 25, compared with only 44% of the wealthiest quintile of the society being below 25 years. Despite the large working age population in all governorates including the ones most affected by the large influx of Syrian refugees, the percentage of those who are economically active among the poor is extremely low, when compared with the region and the world. In 2009, only 35 percent of the Jordanian working age population was active compared to Egypt (45%), Morocco (50%), Syria (56%), Philippines (60%), and East Asia and Pacific (74%).[76]This suggests that the issue of very low activity rate among the working age population is as important as the unemployment problem in Jordan. In Jordan, female unemployment is much higher than male unemployment (46 percent female, 23 percent male). In absolute numbers, however, the unemployed are mostly males. Evidence shows that young women are engaged more in unpaid (family personal, reproductive) work, which affects their participation in paid productive activities.[77]

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[69] Jordan Fiscal Reform Project II Social Protection Public Expenditures Perspectives Working Paper (USAID 2011).
[70] The 'working poor' are those who are employed, 15 years or older, and live below the current absolute poverty line in Jordan.
[71] Profile of the Working Poor in the Hashemite kingdom of Jordan, UNDP 2012
[72] Poverty Report, 2010 DOS
[73] In the study *Support to Poverty Analysis and Monitoring*, September 2011, UNDP calculated that even if two adult members of an average household were to hold full-time minimum wage jobs, the household income will remain below the poverty line.
[74] Ibid[15]
[75] Jordan Department of Statistics, 2010.
[76] See World Bank data 2009
[77] Labor force surveys round three 2013

Assets of poor households: an analysis done of the 2010 Household Income and Expenditure data indicates that assets owned by poor households in the affected governorates consist mainly of structures used for family housing (71.2 percent), land holdings (10.3 percent); ownership of poultry (8.0 percent); ownership of sheep and cow (5.4 percent), property for rental (3.1 percent); and less than 2 percent of productive tools and other equipment. Consequently, less than 20% of the current physical capital of poor households has the potential to contribute to household productivity. This significantly limits the capacity of vulnerable households in host communities to generate additional income, expand productivity, or explore new livelihood strategies on their own, in order to mitigate the impact of the Syrian crisis on their socio-economic wellbeing.

Available savings and Microfinance: Microfinance (MF) services have grown dramatically in recent years, and are offering services in the governorates most affected by the influx of Syrian refugees with a gross loan portfolio exceeding USD150 million, reaching approximately 193,000 borrowers, of which 70 percent[78] are women.

The above notwithstanding, the contribution of MF to poverty reduction remains unclear. Most of the growth in MF has consisted of microcredit offered by specialized microfinance institutions (MFIs) on a cost-recovery basis. While MFIs have demonstrated impressive portfolio growth, high repayment rates, and financial self-sufficiency, the impact of their services on poor and low-income Jordanians remains the subject of debate. According to an assessment done by Planet Finance in 2007 on 1,300 microfinance clients in Jordan, there was no evidence that access to microcredit reduced financial poverty. Long-term clients (those who had borrowed from the MFI for over three years) did not have significantly higher levels of overall consumption or asset growth. Nor did access to credit translate into better education of children or improved housing conditions.[79]

II. Impact Analysis

As explained in the previous section, income-generating opportunities of vulnerable Jordanians, such as unskilled jobs in manufacturing, handicrafts and skilled agriculture, have become increasingly competitive in Mafraq and Irbid due to the influx of highly active refugees to their communities. In addition, the Syrian refugee participation in the informal economy is reportedly putting a downward pressure on wages in the bottom half of private sector occupations.

Moreover, a municipal-level stakeholder participatory assessment conducted by UNDP in August 2013 in 36 municipalities in the northern governorates of Irbid and Mafraq confirmed that the large influx of refugees has exacerbated existing vulnerabilities of poor households, especially those relying in different degrees on informal transfers from wealthier and charitable individuals and organizations.[80] The percentage of the Jordanian population that benefited from non-governmental transfers in the governorates of Amman, Zarqa, Irbid, Mafraq was 3.1 percent, 2.9 percent, 1.3 percent. and 0.7percent respectively, which is total of 120,562 vulnerable cases.

On-going assessments suggest that **Jordanian women at the lower ends of the market chain (in the home based informal sector) are losing their jobs to Syrian women to some extent.** This particularly impacts women in female-headed households, because of their commitments of care at home. This, in turn means that children and the elderly in these households are more likely to be affected by a reduction in income. In focus group discussions with Jordanian women a prevailing perception was that Syrian women are more skilled, competitive, and settled for lower wages; as well as being willing to work under extreme conditions.[81] Jordanian women indicated that the resulting

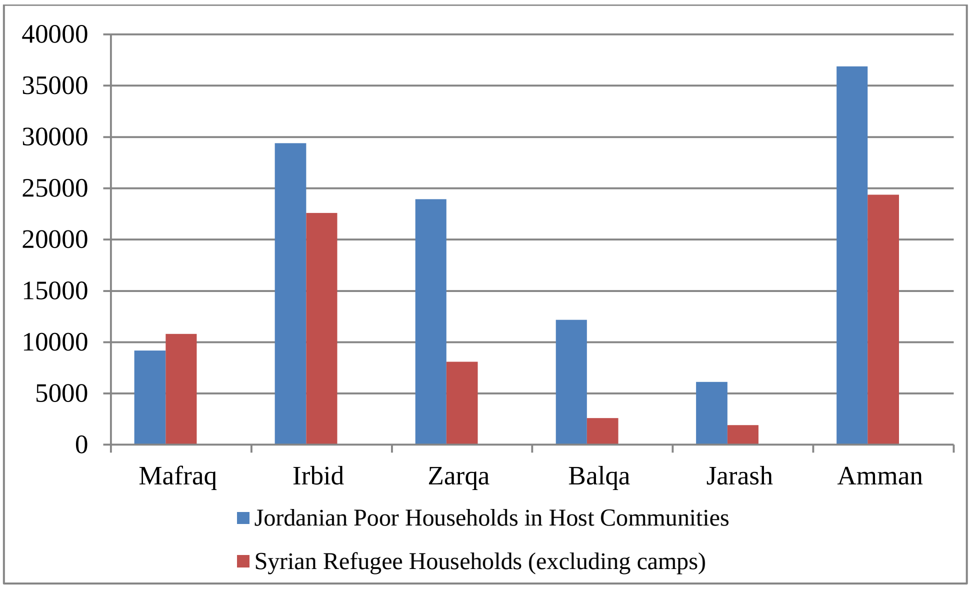
[78] MIX Market 2013 – Jordan Micro-Finance portfolio analysis
[79] Planet Finance – Micro-Finance Sector Review, 2007
[80] Municipality Needs Assessment, UNDP, September 2013: The assessment aimed to capture the perceptions of local officials serving host communities, based on their daily observations in the field
[81] On-going assessment of the economic impact of Syrian conflict on the economic empowerment of women in pockets of poverty, UN Women, 2013

loss of income excluded them from contributing to their family's finances, thereby affecting their ability to influence decisions.

[82] These assessments are furthered by anecdotal evidence from the field, which suggests that the negative impact from the influx of Syrian refugees on local livelihoods is largely the increased competition with the poorest segments of host communities over informal charitable and relief services, in addition to employment opportunities in agriculture and other irregular jobs requiring unskilled labor.[83]

The extent of possible competition is considerable if one takes into consideration the high number of poor households and of vulnerable Jordanian workers in the areas that are host to the highest numbers of refuges. It is estimated that 86,307 Jordanian households in the four most impacted governorates are poor, with more than half of the poor as working poor. In the same governorates, as highlighted in the previous section, at least 108,000 refugees are anticipated to be active, either working or actively searching for income generating opportunities, with a conservative estimate of 38,154 employed.[84]As show in the chart below, this is particularly alarming in Mafraq and Irbid.

Figure 13 Poor Jordanian Households in Host Communities vs. Syrian Refugees



Source: 2010 Poverty Report and MOI

It is important to note that the significantly high magnitude of deprivation and vulnerability among the local population in host communities, coupled with weak productive capitals at household and community levels, encourage a local environment dominated by "scarcity thinking" among citizens, local officials and policy makers alike. This local perception further limits the central government's ability to rapidly expand and diversify the local markets for producers, service providers and unemployed women and youth.

Considering these limitations at the local and national levels, the involvement and support of the donor community and multilateral agencies is essential to increase the resilience of the affected communities through a well-integrated development response to complement the existing emergency and relief efforts. Naturally, this investment by donors will encourage and complement more active engagement from private sector actors, investors and businesses; together contributing to building resilience in the most affected governorates to withstanding the negative outcomes of an escalating Syrian refugee crisis. In the following section, a set of response options and opportunities are listed.

82 Please see ReliefWeb , Al Jazeera, BBC

83 Please see ReliefWeb , Al Jazeera, BBC

84 Please see Employment section

III. *Response Options*

Given the above, the Government's programmatic and policy responses should be directed at mitigating the negative consequences for poor and vulnerable households. Special emphasis, at least in the short and medium term, should be put on the Mafraq, Irbid, Zarqa and Amman governorates.[85] As the negative impacts have been localized, so too should the responses. Operationalizing and/accelerating existing and planned poverty and employment interventions at the level of governorates and municipalities will increase the potential success of these efforts.

Immediate support targeted at hardship cases in the affected governorates:

1) Identify through surveying the poorest quintile of households (all nationalities) in the four most impacted governorates. This will help link the poorest of the poor to existing programmes at the local and regional level that offer food, housing, health, cash, and psychosocial support services.

2) Provide support to hardship cases in the affected governorates. According to national statistics, there are 2,500 households living under the abject poverty line that can benefit from immediate interventions offered in the form of a social safety net.

3) Introducing new programmes to target the working poor households in the affected governorates using economic empowerment grants that seek to achieve a level of graduation from poverty. On the long term this will relieve the national budget from the high financial burden expended to transfers; thus avoiding the continuance of yet another state of chronic dependence on relief. In addition, the implementation strategy should seek to enable the empowered families targeted by the intervention to become themselves employers of other poor, less capable households. This will be most relevant to households close to the absolute poverty line.

Immediate support to absorb unemployment among unskilled workers in the affected governorates:

4) Developing an emergency short-term employment programme in the four most impacted governorates to immediate absorb the unemployed with limited skills (the working poor). The programme can offer its services for 6 – 8 months, and can benefit 50,000 workers. In addition, such projects might focus on shoring up and augmenting municipal infrastructure. Programmes could also focus on wage subsidies and upgrading of skills as well as encouraging SME development with the support of value chain analysis especially in agriculture to strengthen market linkages. Priority target groups need to be young women and men who already face challenges in school to work transitions.

Creating Support to the vulnerable households and those live immediately below the poverty line:

5) Introducing new local economic development programmes that seek to develop existing and new value chains, in order to create additional employment opportunities for rural and urban women and youth. These interventions are better implemented within a localized strategy, well supported and safeguarded by local authorities, community leaders and local mobilizers; the ones who can direct assistance and support to the most deserving groups during identification and implementation stages. Focus should be placed on value chains that expand local production of goods and services in sectors that have growing potential in domestic and foreign markets (Organic Farming, Dairy products, and local tourism).

6) Explore opportunities for scaling up and replicating existing/ piloted programmes in the areas of sustainable economic empowerment and enterprise development, taking into consideration past successes and. It is recommended to link these programmes to graduates of technical and vocational education and training programmes.

[85] Refer to the section on livelihoods and poverty in this assessment.

Support to initiate the preparations for programmes in the medium to long term to promote local economic development:

7) Pilot a number of interventions at the local public level through public-private partnerships aimed at solving public problems in the community, mainly public investments like solid waste management, and maintenance/enhancement of municipal service and related infrastructure. The proposed interventions should maximize the opportunities for employment and income generation for unskilled and other "poor workers."

8) Activate, empower, and technically support the local dialogue related to Local Economic Development to further develop the investment ideas that have come out of earlier exercises, explore new project ideas, and develop solid business cases highlighting feasibility. Promote the marketing of these opportunities to national, regional and international investors.

2.3. Agricultural Livelihoods

I. Pre-crisis Situation

The border areas with Syria are characterised by three farming systems: (i) the north-eastern Badia (semi-desert) rangelands, where the most significant land use is nomadic pastoralism; (ii) the west-central areas (where the Za'atari Syrian Refugee camp is located), which are arid and mainly used for barley cultivation, irrigated fruit trees and pastoralism; and (iii) the far-western areas (around Irbid city), which are semi-arid and predominantly under wheat cultivation and irrigated vegetables with some fruit trees[86]. In November 2012, the total population of sheep, goats and cattle in Jordan amounted to 3.1 million, of which 1.9 million were located in the Ajloun, Amman, Balqa, Irbid and Mafraq Governorates, with little change over the past decade[87].

The share of the agriculture sector[88] in terms of national gross domestic product (GDP) is at present less than 4 percent, but the sector employs the majority of the rural population[89]. It is estimated that 17 percent of Jordan's total population is "rural"[90]. Although the sector is small in relation to the overall economy, it is important not only for the production of tradable goods, but also for its strong up and downstream linkages, as a result of which an estimated quarter of GDP is considered as agriculture-dependent. In 2012, the agriculture sector provided livelihoods for 15% of the country's population, and employed about 6% of the national labour force[91]. However, the agricultural sector relies heavily on non-Jordanians for labour, nearly two-thirds of agricultural labour prior to the Syrian crisis were non-Jordanian.

The bulk of agricultural inputs (i.e. seeds, fertilisers, pesticides, herbicides and farm tools and machinery, animal vaccines and medicines, etc.) are imported into Jordan and regarded as expensive. Farmers located in the border areas, however, have benefitted from agricultural inputs and veterinary services which were heavily subsidised in Syria, and illegally traded into Jordan in large quantities prior to the crisis.

II. Impact Analysis

The crisis in Syria has negative consequences on the agricultural livelihood of the Jordanian population, especially in the northern parts of Jordan. While agriculture's contribution to GDP has

[86] FAO; Agricultural Livelihoods and Food Security Impact Assessment and Resource Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey; March 2013
[87] Jordan Department of Statistics website
[88] Including crops, livestock, fisheries and forestry sub-sectors
[89] Central Bank of Jordan; Yearbook 2012
[90] In Jordan, any town with a population greater than 5,000 is considered "urban"
[91] Jordan Department of Statistics website

increased from JD561 million in 2010 to JD605 million in 2012, annual growth of the agriculture sector decreased from 13 to 9 percent over the same period[92]. Following are some major impact on the agricultural livelihoods.

Disruption of Agricultural food trade

Syria is considered a major trading partner for all its neighbouring countries, including Jordan. The crisis has disrupted agriculture and food trade in the region, with negative consequences felt both at the livelihood level and the sector as a whole. Agricultural trading between the two countries decreased significantly over the period 2011-2012. FAO reports a 25 percent decline in agricultural exports to Syria and a 30% decline in agricultural imports from Syria.

Table 8 Bilateral agricultural exports/imports between Jordan and Syria (USD thousand)

Year	2009	2010	2011	2012	Change in 2011 compared with 2010 (%)	Change in 2012 compared with 2011 (%)
Exports to Syria	212 240	240 561	256 901	185 861	7	(28)
Imports from Syria	97 438	115 918	133 958	114 683	16	(14)

Source: FAO, 2013

The disruption in agricultural and food trade between Jordan and Syria is attributed mainly to the security situation in Syria, and poses serious challenges to farmers and those involved in agribusiness support activities. Jordanian farmers incurred great losses as large quantities of fruits and vegetables had to be destroyed because of export constraints. Additional costs were incurred by Jordanian traders who had to take alternative transport routes, with additional business requirements, placing heavy financial burdens on them. Traders also had to accommodate cost increases connected to port facilities, storage and other logistical requirements.[93]

FAO has reported that the local supply of animal products has been affected by the crisis. The change in import routes of feed has increased prices, and affected the available quantities of meat, poultry and eggs. This problem has been compounded by increasing demand, which again has resulted in price hikes in the local markets. There is also evidence that that the increased cost of feed has resulted in some farmers selling high numbers of their herds to cover additional costs of animal feed.[94]

Marginalisation of Smallholder Farmers

Although there is no official data available to date, several socio-economic baseline surveys have indicated that large numbers of marginal and small-scale farmers and livestock breeders in Irbid and Mafraq Governorates (as well as the Jordan Valley[95]) have suffered significant losses in income as a consequence of the Syria crisis. Farmers have been impacted due to forced abandonment of farmlands as a result of insecurity along border areas; loss of informal cross-border trading opportunities ("smuggling"); reduced availability of irrigation water; increases in the price of agricultural inputs; reduced marketing opportunities for traditional export crops; and a net decrease in farm-gate prices. Many farmers and livestock breeders are selling their breeding-quality animals in order to purchase food and non-food items for their families. Livestock breeders unable to afford animal feed have also been forced to sell their animals or graze them on already over-exploited pastures and rangelands. Farmers without access to such coping mechanisms have been forced to seek alternative unskilled work in other sectors, most of which are found in urban areas with high unemployment rates and low wages, increasing their risk of falling into the "poverty trap".

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92 Central Bank of Jordan; Yearbook 2012

93FAO, Agricultural Livelihoods and Food Security Impact Assessment and Response Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey. Mach 2013.

94 WFP, Food insecure and vulnerable people in Jordan. December 2012.

95 Ministry of Agriculture statement; October 2013

Trans-boundary Animal Diseases (TADs)

The first and the most important potential impact on Jordan's agriculture sector is the increased uncontrolled movements of livestock across borders from Syria and Iraq (especially the Badia rangelands of Mafraq Governorate)[96]. This is a major concern because Syrian livestock have not been vaccinated against TADs and zoonosis for at least 12 to 18 months due to the collapse of Syria's field veterinary services. Syrian refugees have brought unvaccinated sheep, goats and cattle to almost all countries sharing borders with Syria. This threatens the health of livestock, grasslands and rangelands, the animal disease control programmes, and the health of the people of those countries. There is clear evidence that un-vaccinated live animals are being imported or have crossed illegally into Jordan for slaughter and sale on the open market, with minimum or zero quarantine (e.g. the Ministry of Agriculture was aware that some 300,000 sheep and goats were illegally imported from Syria in 2012[97]).

The veterinary services of Jordan's Ministry of Agriculture, comprising some 100 veterinary officers[98] 25 of whom are stationed in the three governorates bordering Syria, lack the resources to control the threat of TADs coming from Syria. The risk that TADs that have already broken out in Syria, such as brucellosis, foot-and-mouth disease, highly pathogenic avian influenza, lumpy skin disease (LSD), peste des petits ruminants (PPR), rabies and external and internal parasites (and their zoonotic form of *rickettsia*), will migrate into Jordan is severely heightened. All animals in Jordan are registered and vaccinated regularly – a requirement for farmers to benefit from subsidised animal feed (for sheep and goats only). However, the country does not undertake TAD surveillance and reporting, and the nearest (and inadequate) quarantine facility and diagnostic laboratory are situated 15 kms from the Syrian border, which is not compliant with minimum international bio-security standards. No official figures are available, but isolated cases of LSD, PPR, rabies, parasites, zoonotic *rickettsia,* influenza and corona viruses were reported in Jordan between 2010 and 2013. The Ministry of Agriculture has requested assistance for TAD surveillance and control because of a lack of financial resources for emergency vaccination and treatment, and regular animal vaccination campaigns for the 2014 financial year[99].

Trans-boundary Crop Diseases and Pests

With the collapse of plant protection services in Syria, weak sanitary and phyto-sanitary controls at Jordanian border crossings, and the recent completion of the FAO-supported project, "Regional Integrated Pest Management Programme in the Near East"[100] there is a risk of increased trans-boundary crop diseases and pests such as wheat rust[101] and tomato leaf miner spreading into Jordan. The productivity of Jordan's crop sub-sector is already very low by global standards[102]. With the reduced availability of water for irrigation, any additional losses in crop production could be quite damaging to the impoverished rural communities in border areas. The lack of investment in national agricultural research systems for technologies for small scale farmers places this group of vulnerable people at a high risk of food insecurity and increased poverty.

Depletion of Natural Resources

The Ministry of Agriculture is reporting that the total area of Jordan that is cultivated with vegetables decreased from 49,000 hectares in 2010 to 36,000 hectares in 2012, as a result of the interruption of irrigation water supplies from Syria, a reduced share of irrigation water as more water is allocated for domestic use due to population growth, and the increased costs of agricultural inputs and crop

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96 FAO; Agricultural Livelihoods and Food Security Impact Assessment and Resource Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey; FAO Emergency Centre for Trans-boundary Animal Diseases, Cairo; March 2013

97 FAO; Agricultural Livelihoods and Food Security Impact Assessment and Resource Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey; March 2013

98 Reduced from 150 veterinary officers in 2012

99 FAO Jordan and Ministry of Agriculture (Department of Livestock) statement; November 2013

100 FAO; Agricultural Livelihoods and Food Security Impact Assessment and Resource Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey; March 2013

101 It should be noted that wheat rust is a new virus which was widespread in Syria before the crisis and researchers from around the world (including FAO and ICARDA) were making concerted efforts for its control

102 World Bank; Indicators – Cereal Production; 2012. FAOSTAT 2012

production (see section 4.2.2.1). At the same time the Ministry of Agriculture has reported that the area of irrigated vegetables has increased significantly in Mafraq Governorate between 2011 and 2012, affecting the fragile land and water resources of the Badia desert.

Over the past two decades, Jordanian farmers have been irrigating parts of the Badia rangelands using underground water sources to grow vegetables, wheat, fruit trees and animal fodder. The Government of Jordan is now very concerned that recent bore-holes for water supplies at the Za'atari Syrian Refugee Camp and other major host communities in the border areas will deplete the local aquifer used by rural communities and large-sale irrigated farms in these areas[103]. The Government is further concerned that the inadequate waste disposal systems in the Za'atari Camp and major host communities will lead to pollution of local irrigation water supplies[104].

Livestock movements across the Near East Region in the form of transhumance are very common along the Jordan-Syria-Iraq border area, particularly across the Badia rangelands of southern Syria, north-western Iraq and north-eastern Jordan. The Badia rangelands are fragile semi-desert steppes characterised by a sparse, but nutritious, vegetation cover. The continued insecurity in Syria has meant that the cross-border movement of Bedouin herders from winter grazing in Syria to summer grazing in Iraq and Jordan has been severely disrupted. The protracted crisis has resulted in the nomadic and transhumant Bedouin herders abandoning their Syrian pastures and staying all-year round on the rangelands of north-western Iraq and north-eastern Jordan. This has resulted in an invasion of unpalatable species in the Syrian pastures, further compounding the land degradation that the Badia rangelands have experienced over the past decade(s).

Traders near Jordan's border with Syria estimate that hundreds of thousands of sheep and goats have been smuggled across the border since the Syrian crisis began, either by refugees as insurance and/or for sale, or by local traders sale of meat products on the open market[105]. The animals are grazing on the fragile pastures and rangelands and consuming the limited feed-stocks of the border areas, increasing the competition and the potential for social conflict with Jordanian animal breeders (this was witnessed during the Gulf crisis in 1990 and 1991)[106].

III. Response Options

Response options to the challenges that face the agricultural sector include:

(a) surveillance and control of TADs and trans-boundary crop diseases and pests, to protect the asset base and health of Jordan's vulnerable population groups, reduce the impact on the livestock and crops sectors, and safeguard their contribution to food security and income generation;

(b) crop diversification and intensification, and income generation through community-based "climate-smart agriculture" technologies and practices through adaptive research and participatory extension approaches (e.g. farmer field schools), to increase the resilience of individuals, households and communities to the impact of the Syrian crisis; and

(c) capacity development of the Ministry of Agriculture and other stakeholders in the agriculture sector, to strengthen the ability of the Government, NGOs and the private sector to cope with the food and agricultural livelihood aspects of the Syrian crisis, and implement and monitor crisis response options.

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103 FAO; Agricultural Livelihoods and Food Security Impact Assessment and Resource Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey; Ministry of Planning and International Co-operation; March 2013

104 FAO; Agricultural Livelihoods and Food Security Impact Assessment and Resource Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey; Ministry of Planning and International Co-operation; March 2013

105 FAO; Agricultural Livelihoods and Food Security Impact Assessment and Resource Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey; Interview with livestock traders at Al Ramtha border crossing; 11 February 2013

106 Environmental Compensation Unit of the Ministry of Environment; Community Action Plan of the Badia Ecosystem Restoration Programme; Jordan National Focal Point of the Programme Management Unit; 2010

2.4. Food Security

I. Pre-crisis situation

Food security is defined as the situation when all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life. Achieving food security requires that the aggregate availability of food supplies is sufficient, that households have adequate access to those food supplies,, and that the utilization of those food supplies is appropriate to meet the specific dietary needs of individuals.

The global food, fuel and economic crisis of 2008/2009 heavily impacted the Jordanian food sector through price increases and a restriction of food supply. As a consequence, food security was made one of the country's top priorities. Special attention was given to the agricultural sector, and 2009 was declared the year of agriculture in Jordan. Strategic reserves of wheat were increased to unprecedented levels, to reduce the risk of any future increases in global prices.

Food Availability
Over recent years, the agricultural sector in Jordan has been grappling with a number of structural challenges; water scarcity, land fragmentation, soil erosion and increased opportunity cost for agribusiness. Jordan is a food deficit country with almost 85 per cent of its food imported. Jordan was classified as a net food importing developing country by the World Trade Organization's (WTO) Committee on Agriculture[107]. The country imports almost all its cereals, pulses, vegetable oil, and sugar requirements. It also imports from 20-50 per cent of its beef and lamb meat, in addition to some fruits and vegetables. However, Jordan has self-sufficiency in dairy products, poultry, eggs and most of its fruit and vegetable requirements.

Food Accessibility and Household food security
The Department of Statistics (DoS) reported that 0.3 per cent of Jordanian households were food insecure and 2.1 per cent were vulnerable to food insecurity in 2010, translating to 155,000 food insecure/vulnerable people. The highest rates of food insecurity were registered in the rural areas of Mafraq, Zarqa, Aqaba, Amman and Karak.[108] Female-headed households are twice as likely to be food insecure as households headed by males.

The main reasons for food insecurity in the poor areas in Jordan are limited purchasing power and lack of dietary diversity. Underlying factors include large family sizes, the education level of the head of the household, rural versus urban location, wealth status, and income and expenditures. Most of the labour force consists of employees, so most households are highly dependent on salary adjustments to cope with external shocks and price fluctuations. According to the WFP Country Strategy for Jordan (2010), lack of economic access is the main source of food insecurity at the household level, and is linked to illiteracy, insufficient assets and large family sizes. With food constituting a high percentage of their consumption profile, the poor were the most affected by the food price increase in 2008-2009 and is the group most vulnerable to future shocks.

Malnutrition
Malnutrition and food intake deficiency are major challenges to food security for Jordan poor. Chronic malnutrition is deeper in rural areas: a survey on living conditions showed that the incidence of malnutrition and stunting in agricultural communities is about 25 percent, compared to 12 per cent in urban areas.[109]

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[107] FAO and MoA. Special program for food security in Jordan. 2004.
[108]Department of Statistics.Food security status in Jordan. 2012
109 Ministry of Health, Ministry of Agriculture, FAO and WHO. Nutrition in Jordan, a Review of the Current Nutiritonal Trends and Major Strategic Directions of the National Food and Nutrition Policy. 2005.

II. Impact Analysis

The Syrian conflict has compounded the impact of the economic crisis on Jordan, which affected almost all sectors in the country, including food security. Regional instability, the closure of borders, disruption of trade, and the influx of over 600,000 refugees have all posed significant challenges to food security in Jordan.

Stress on Local Food supplies

The 10 per cent increase in population has placed a high pressure on food supplies in the country. The Jordanian market has responded efficiently to the increase demand by securing additional quantities of food. The Ministry of Industry and Trade (MoIT) has the mandate to secure a strategic reserve of wheat in Jordan sufficient to cover 10 months of the country's requirements. According to officials from the MoIT, the country's existing reserves of wheat are enough for the coming 12 months at the current consumption rate.If the refugee influx continues at a high rate, the Government might need to increase its storage capacities to maintain the reserve at the required strategic levels.

Supply of locally produced commodities has come under stress especially for those that are produced at the level of self-sufficiency, such as chicken, goats, dairy products, eggs, olives and olive oil, in addition to a number of fruits and vegetables.[110]

Upward Pressure on Food Prices

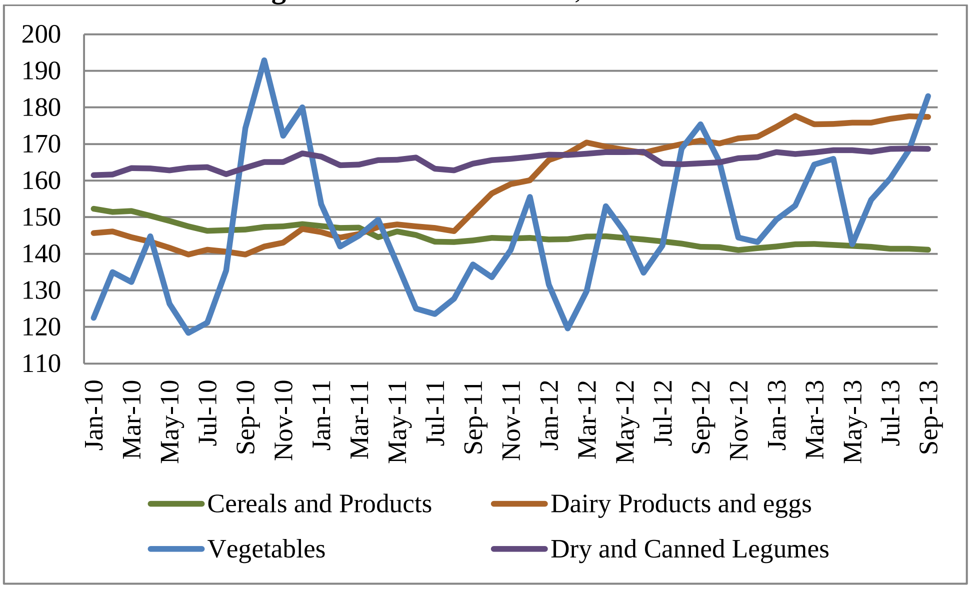
Food prices in Jordan stabilized after the 2008 crisis, though at higher rates. The food Consumer Price Index (CPI) ranged between 130 and 140 points from November 2008 to October 2010. Food prices started to show an upward trend in November 2010, reaching 156 points on the CPI by September 2013.[111] While a demographic surge is expected to move prices upwards, the correlation between the Syrian crisis and food price increase can be debated since food prices have been on the rise even before the 2008 crisis (food CPI increased from 91 points to 116 points between January 2005 and December 2007).

Nevertheless, the price trends of different food groups have varied from one group to another. Prices of Fruits, vegetables and meats have shown one trend, whereby their price seasonality has been fluctuating at a higher range over the past 2 years. The CPI of dairy products and eggs increased from 146 points in August 2011 to 177 points in September 2013, after 28 months of price stability, ranging between 140 and 150 points on the CPI (See Figure 22). The CPI for cereals, legumes, oils and fats has been stable over the past 2-3 years.

The price responses of the different food groups to the increase in demand can be attributed to a number of factors, but mainly the elasticity of supply, which is relatively high for most of the imported food items such as cereals, legumes and oils and fats (except for olive oil). Supply of locally produced food items, such as dairy products and eggs, chicken meat, goat meat and olive oil is expected to be less elastic (in the medium term) in response to such significant increase in demand. The relative importance of meats, poultry, dairy products and eggs is the highest among all other food items (total of 32 per cent of food expenditures), a fact that poses a real challenge for the poorest segments of society who will not be able to afford these items, worsening their food consumption pattern and reducing diversity.

110 For more details, refer to the annual food balance sheet of Department of Statistics.
111 Source: Department of Statistics, CPI data.

Figure 14 Food CPI Trends, 2010 - 2013

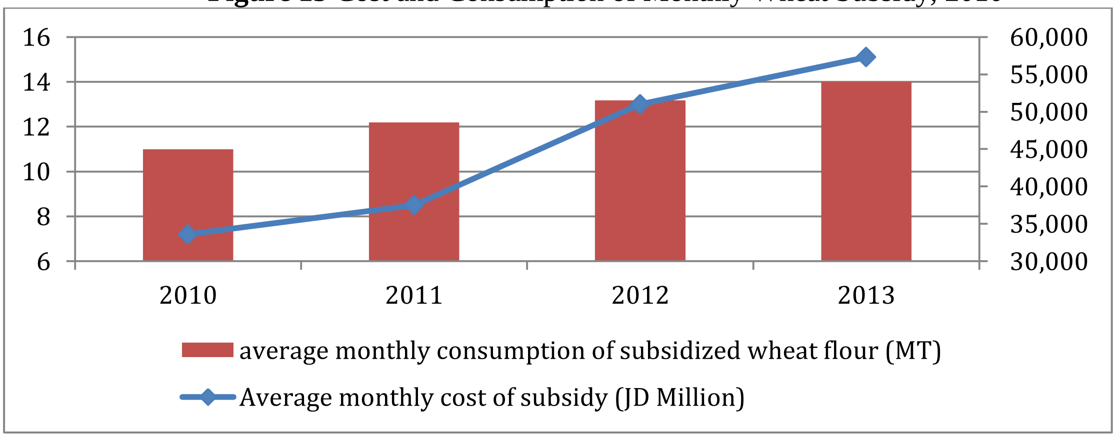


Increased pressure on food safety nets: Bread subsidies and school feeding

Bread subsidy programmes constitute one of the most important social safety net programmes that the Government of Jordan provides. Consumption of subsidized wheat flour has been increasing over the past three years, which is demonstrated by the increase in average monthly quantities of subsidized wheat flour from 44,971 mt in 2010 to 54,008 in 2013. The increase in refugee numbers poses a major challenge for the Government in terms of its ability to maintain subsidies, and its capacity to import and store additional quantities of wheat.

The monthly average cost of wheat flour subsidy has increased from JD 7.2 million in 2010 to JD 15.1 million in 2013 as a direct result of increase in demand as well as increase in production costs.[112] The cost of these subsidies is placing additional pressure on the already overstretched government budget and adds to public debt. In 2013, according to Ministry of Finance estimates, the cost of additional expenditures in flour subsidies incurred by the Syrian refugee influx could reach up to USD 35 million.

Figure 15 Cost and Consumption of Monthly Wheat Subsidy, 2010



The Ministry of Education has been implementing a country-wide national school feeding project which aims to enhance the nutritional status of school children aged 6-12 in public schools. While

112 Calculated based on Ministry of Industry and Trade statistics.

financially strained, the project will have to be expanded to cover the additional numbers of Syrian children attending public schools.

Potential worsening of Household food security
The Department of Statistics reported that 2.4% of Jordan's total population is food insecure or vulnerable to food insecurity in 2010. No recent data is available on the number of food insecure and vulnerable. Nevertheless, this population stratum is highly fragile and can be severely impacted by any shock. Falling in the lowest income category, food insecure households will have to make trade-offs between food and non-food expenditures. Food price increases and the removal of subsidies will shrink their real incomes and reduce their purchasing power, leaving them in a worse off situation.

However, price increases in food is not the only factor that threatens the food security status of the most poor. Price increase in all other necessities, such as rent, fuel, and transportation will also negatively affect their consumption patterns. Moreover, the loss of livelihoods in agriculture and trade, as well as reduced opportunities for employment or labour as a consequence of increased competition will directly impact the food security status of the poorest segments of society.

III. Response Options

The food insecure and those vulnerable to food insecurity are among the most difficult strata to support.

Enhancing food security at the household level calls for a collective approach that brings different stakeholders together to enhance efficiency:

National food security strategy
While food security in Jordan is often linked to agriculture, this is only one component of food security, especially bearing in mind that the local production of food covers no more than 15 per cent of the country's requirements. Food security is a multi-dimensional cross cutting sector which has to be tackled at many fronts including food production, imports and exports, livelihoods, employment, health and nutrition. This calls for a comprehensive national food security strategy (under development) that brings together all concerned institutions with clear roles and responsibilities taking into consideration the mandate of each institution.

Food security monitoring
Lack of recent empirical data on food security at the household, means that it difficult to measure the impact of the Syrian crisis at that level. However, the impact of the crisis on livelihoods and food prices is evident, a situation that has been compounded by the removal of fuel subsidies. All these factors are sure to impact food security at the household level. Groups vulnerable to food insecurity can easily fall into food insecurity if the situation continues at its current trend. Food security monitoring at the household level has recently been institutionalized, and is linked to the Household Expenditure and Income Survey (HEIS), which is carried out by the DoS every two years. Specific and more regular food security assessments are required to monitor the impact of the current crisis on food security in the areas with the highest concentration of Syrian refugees.

Nutritional dimension
The nutritional dimension should not be neglected when tackling household food security. For instance, nutritional awareness sessions can provide space for interactive learning and integration of simple techniques, recipes, and advice for better utilization of food for optimal nutritional value.[113]

Stakeholders' coordination

113 ACTED. Food security situation and livelihoods intervention opportunities for Syrian refugees and host communities in north Jordan.

Coordination of efforts will be critical. Multiple UN organizations and local NGOs are working in different areas of food security. Improving coorindation between these organizations will be essential to maximize efficiency. Impact of interventions can be improved through joint programming, which could take the form of regional or technical integration. Alignment of interventions with the national food security strategy (under preparation) will be crucial.

Medium to long-term interventions
Enhancing food security calls for long-term support programmes, delivered through well-structured development interventions. Funding remains a major challenge for a middle-income country like Jordan. The negative impact of the Syrian crisis on the most vulnerable segments of the host communities in Jordan calls for urgent, yet structured interventions to enhance their resilience. Such support would include livelihood support, creation of sustainable income generating activities, as well as direct food transfers to those most affected.

2.5 Social Protection Services

I. Pre-crisis Situation

Protection and social services
In recent years, the government has been making an effort to curb the incidence of violence in Jordanian society. According to 2010 statistics from the Family Protection Department (FPD) there were 8605 cases of family violence. Psychological and verbal violence are the most reported form of abuse.[114] FPD reports that they have a total of 50 social workers and a total of 20,000 open cases, translating to a ratio 1:400 which is clearly an unmanageable. [115] There is also a lack of mental health and psychosocial services available to families that are referred to FPD.

Services for the most vulnerable children and youth are present, but have gaps in coverage and quality. The fostering program according to the MoSD has placed 806 children in family care and 900-1200 in institutional care during 2010. [116] However, it is noted that there is a lack of information on the institutions and processes for children without parental care. [117] There were 6,452 cases of juvenile delinquency in 2009 according to the MoSD, predominantly in the age group 15-18 years old and the vast majority being boys. [118] The Juvenile law drafted in 2010 used reform and rehabilitation as a form of justice rather than criminalisation and improving these services. [119] Several efforts at the time were ongoing to address child labour, such as the Combating Exploitive Child Labor through Education (CECLE) program, ‘Protecting Children at Risk’ program and a specific programme in Petra.

There are services for people with disability through the Higher Council for the Affairs of Persons with Disabilities which are guided by the National disability strategy, however the detail of the provision is not available. Protection issues for children with disability appear to be particularly unaddressed and information gaps in terms of violations and needs hinder work in the area. NAF also dedicates 5.5 per cent of their budget to this group. [120]

Cash assistance
The National Aid Fund provides cash assistance to the targeted poor groups of vulnerable Jordanians (women with young children, children without parental care, the elderly, persons with disabilities,

[114] According to an NCFA report in 2008
[115] MoSD, 24/11/2013 , Taskforce meeting.
[116] UNICEF, 2010, Situational Analysis of Children in Jordan.
[117] UNICEF, 2010, Situational Analysis of Children in Jordan.
[118] UNICEF, 2010, Situational Analysis of Children in Jordan.
[119] UNICEF, 2010, Situational Analysis of Children in Jordan.
[120] UNICEF, 2010, Situational Analysis of Children in Jordan.

families headed by divorced, abandoned or widowed women, households where the main breadwinner is in prison). The cash support is equal to JD40/person/month. [121] The budget of the National Aid fund in 2009 was 87 million JD, which was 13 million higher than in 2008. However, this budget was insufficient to meet the needs of 781,000 people living under the poverty line, as the IMF estimates approximately 250 million JD is required annually to meet these needs. [122] Furthermore, the financial assistance[123] offered by the National Aid Fund, does not meet basic needs individuals in view of the high cost of living.[124] However, it has been found that, even with its increased cover, only 28% of National Aid Fund beneficiaries are children, despite the fact that 57% of the poor are children. [125]

The Zakat Fund provides cash assistance to poor persons of all ages, but with a particular focus on children without parental care. Benefits are equal to JD30 per month and it benefits 12,000 families, accounting for 11% of cash transfers in the country. [126] However, the Zakat Fund has inadequate targeting mechanisms, which results in significant leakage among the non-poor. A total of 29% of Zakat beneficiaries are from the poorest quintile but the majority are not poor. [127] In fact, a large share of Zakat transfers goes to households in the wealthiest quintile (25%).[128]

Social security

SSC Social security coverage has increased rapidly in recent years under the Social Security Extending Coverage Project 2008-2011, in 2009 there were 835,000 active contributors, up from 351,000 in 1999. Yet, only 64.3% of the employed population was covered by the SSC in 2012. Jordanians employed in these most insecure sectors that have lower levels of education, and earn the lowest salaries are less likely to be covered. Challenges have occurred in terms of enforcement and compliance, exacerbated by Jordan's large informal and agricultural employment sector and the high expense for small businesses. Despite the recent expansion of the social security umbrella, public social security expenditure remains low. In 2012 it amounted to 2.7% of GDP, having increased modestly by 0.5% percentage points over the past decade (see table below). [129]

Table 9: Social Security Expenditures (% of GDP), Source: SSC

Decent Work Indicator	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Social Security Expenditures (% of GDP)[1]	2.2	2.3	2.3	2.4	2.3	2.4	2.4	2.4	2.5	2.6	2.7

Source: Social Security Corporation

II. Impact Analysis

Protection and social services

Overall, the Syrian refugee population has more women (52%) and higher numbers of children compared to the Jordanian population. **This suggests that child and woman related services are more impacted than others.** The MoSD has estimated that they are spending an extra 8 million JD a year due to the Syrian crisis, out of a total budget of 110 million JD. This GoJ department and others have noted a potential diversion of funds from local charities which were focused on Jordanians, to

121 UNICEF 2011, Child Protection and Systems in the Middle East
122 UNICEF, 2010, Situational Analysis of Children in Jordan.
123 The family that consists of two persons is paid 90 JD, JD 130 is paid to a family of three and JD 160 to a family of four.
124 NCHR report 2009; MDG Report for Jordan (draft) 2009
125 UNICEF, 2011, Child Protection and Systems in the Middle East
126 UNICEF, 2011, Child Protection and Systems in the Middle East
127 UNICEF, 2011, Child Protection and Systems in the Middle East in reference to Blank, L. (2010) 'Social Protection Review.' Amman: The Hashemite Kingdom of Jordan
128 ibid
129 Social Security Corporation

the Syrians, potentially resulting in less assistance for the most vulnerable Jordanians in services provided by civil society.

There have been **increased pressures on family protection services from the management of Syrian cases and indirect increase in Jordanian cases connected to the Syrian crisis.** The FPD managed 450 Syrian cases (7%) out of a total of 6337 cases and 71 of those Syrian cases were sent to court during Jan-Oct 2013, demanding a range of resources.[130] Furthermore, out of 3415 cases referred to the Office of Social Services, 288 cases (8.5%) were Syrian. Eighty-nine Syrian women in family violence cases have been provided with shelter at a cost of 700 JD a month according to the MoSD. FPD has noticed a steady increase in the reporting of violence. However this is not necessarily due to an increase in violence, but could be rather as an impact of several recent actions in the FPD, such as; an awareness campaign, increased geographical reach, increased public trust, and improved monitoring mechanisms.

Juvenile services have also been dealing with an increased caseload due to the Syrian influx. There have been 77 cases of Syrian children coming into contact with the law, cases that are demanding extra resources from already stretched social workers and the juvenile system. As mentioned earlier, the MoSD reported that there is one case-worker for 400 cases. Accommodation in rehabilitation services has been provided in institutions to 57 Syrian children according to the MoSD at a cost of 500JD a month per child. Other protection services handled 89 cases of Syrian children who were begging were also referred to accommodation care services. The care for these vulnerable groups is amounted to 120,000 JD according to the MoSD.

The MoSD expects an increase in the number of Jordanian children requiring care either through fostering or institutional care, and at the same time, the resources do not cover the current system and more pressures linked to the Syrian crisis are anticipated. An MOU that is being signed with MoSD to use the national fostering system to formalise the care arrangements for Unaccompanied and Separated refugee Children (UASCs). These placements require formalisation through the judiciary system, creating increased workload on the judges, courts and social workers. This will increase the demand on human resources and time of social workers and the court system.

Resources for other vulnerable groups such as the elderly and disabled are already stretched and will be impacted by the increased caseload. Resources for people with disabilities have been affected, with 37 cases of Syrian refugees with disabilities being offered certain services according to the MoSD, including assessment and placement in an institution, though numbers before this were not available. There is an anticipated increase in demand for services for the elderly putting an extra demand on these services. The extra cost for the care of Syrian children and older people is estimated at 500,000 JD a year.

Social protection

Government assistance for vulnerable groups

Cash assistance and social security contribution schemes were not planned for the Syrian influx and economic impact, resulting in increased pressure on these programmes to continue to reach the most vulnerable groups. NAF estimates the indirect and direct impact of the Syrian crisis results in having an extra 20,000 families in their assistance programmes (cash for work, micro-finance, cash assistance) which results in an extra 3 million JD required for their budget annually. One direct impact they cite has been the movement of Jordanians who were previously living in Syria and now have fled to Jordan. Indirect impacts include the impact of increased unemployment, potentially connected to the Syrian influx, which results in continued or worsening situation for Jordanian families and therefore more families qualifying for NAF. The impact of the influx by increasing the number of poor Jordanians will increase the caseloads for Zakat fund also.

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[130] Family Protection Department, 2013,* this is a total of all cases of domestic violence and sexual abuse of children, women and men.

Accordingly, with high unemployment, the social security contributions to assure pensions for older people will be negatively impacted. This is in addition to the potential money transfers that occur from older people to younger in times of economic recession. This is putting pressure on the economic security of older people.

III. Response Options

Increasing existing protection space through strengthening and expanding the capacity of Government and service providers to meet the needs of the most vulnerable groups
Establishing multi-sectorial community based protection strategies, including through a comprehensive tracking system, effective reporting and response mechanisms, and the implementation of national frameworks and accountability measures is key. Particular recognition should be made to the needs and risks of the most vulnerable groups, such as, female headed families and households[131], children without parental care, people with disabilities, families living under the poverty line and older people within the Jordanian society.

Services of the FPD and JPD could be expanded to manage cases of children survivors of violence, children in conflict with the law, and other survivors of violence also in terms of geographical coverage as there is not sufficient funding to cover all locations. Foster care system is a gap in terms of provision for children without parental care. There is also a complete lack of mental health and psychosocial community based services for users of FBD and JPD, and the current quality of service to victims of violence is weak, such as shelters for women There is inadequate quantitative data available on if and how the Syrian response has affected the levels of gender based violence or increased protection risks for children, such as forced labour, bullying in schools or/and the psychosocial impact. An in-depth analysis related to the impact of the tensions on most vulnerable groups in the areas with the highest density of refugees should be conducted, and regularly monitored.

This response will require increased human, resource allocation of workers, specialized staff and partnering with higher education entities. Budgets would need to be allocated and capacity building undertaken, particularly of ongoing supervision or "on site/job" training programs.

Promoting civil society engagement
Enhancing the capacities of women and youth organizations for greater access to safe livelihoods, psychosocial support, reconciliation and other required risk mitigating services is very important in this particular context. In collaboration with Government, support increased coordination with existing civil society agencies to step into the GoJ resource gaps (technical, financial and human resource) given the immediate protection needs. Especially for oversight to the CRC and CEDAW should be strengthened by increasing awareness and strengthening prevention, protection, reporting and response options for addressing GBV, including early marriages, and violence against children (in home and in school), as well as for addressing youth, especially in relation to public violence. This can be undertaken through promoting basic life skills, peer education, usage of youth friendly spaces, mobilization of youth groups, and supporting youth networks.

Provide increased support/reform of the cash assistance programmes
NAF and Zakat Fund need to improve their targeting outcomes and expand their coverage to include the working poor, which will automatically benefit poor children since these families tend to be poor due to their large family sizes. Cash transfer programs can improve their effectiveness and efficiency in promoting human capital. Conditional cash transfers could be considered for participation in training and employment programs and compliance with child vaccination and school attendance requirements. Also, cash assistance programmes need to improve their graduation strategy from welfare-to-work approach to encourage beneficiaries to move into active employment or self-

[131] Here female heading households refer to households with children and/or elderly, without a male head and are headed by women or young girls but may have male mebers, children and elderely; as well as households comprising of single women/girls

employment. A central database of the poor is needed in order to plan and be able to mitigate any economic shock that the country goes through and can immediately reach the poorest of the poor with social protection services.

Extending the social security coverage

Ensure the compliance of small businesses with the Social Security Law is vital to increase coverage of social security. In addition, social security remains beyond the reach of the majority of informally employed, which constitute a sizeable portion of work force and small businesses. Therefore, the implementation of the proposed Social Protection Floor, which has been identified as a key objective in Jordan's Decent Work Country Programme 2012-2015 would guarantee access to a minimum level of goods, services and social transfers, which currently only partially exists.

3. Social Services

This section deals with the implications of the Syrian crisis on the provision of social services in Jordan and assesses how the education and health sectors have been affected by the increased demand on their services.

3.1. Education

I. Pre-crisis Situation

Over the past decade, the Government of Jordan has pursued national development strategies that support investment in the development of human capital, and that build on the pre-existing strengths of the education system. The Jordanian education system performs well on key indicators, when compared with other middle income countries and countries in the Arab States region. Basic education enrolment and survival rates are high (over 95%), with participation in secondary schooling having risen over the last 10 years. [132]

Access to Education

In 2008/2009 the gross enrolment for kindergarten (KG) programmes was 41.4% for both public and private programmes, with private provision accounting for 88% of enrolments [133]. One of the government's priorities is to expand coverage of KG programmes and enhance the quality.

Basic and secondary education (Grades 1-12) is not provided free of charge, despite the fact that the Royal Court has been announcing annually that it will take on that responsibility. Attendance is compulsory through Grade 10. Jordan has met its MDG targets for both universal primary enrolment and gender parity in the provision of education[134], and the net enrolment rates increased from 86.5% in 1990 to 97.6% in 2011. [135] Almost all children who enrol in Grade 1 complete Grade 5 (a 99% retention rate[136]). Net enrolment rates for secondary school are lower (60.7% for boys and 72.2% for girls[137]) and drop-out rates are higher amongst boys. A 2008 study undertaken by the Department of General Statistics found that 33,000 children *were truant and working in Jordan, and interestingly, that 3,300 of them were aged 5-12 years* [138]. Participation rates for girls and women are slightly higher than for boys and men in secondary (+3%) and higher education (+3%) [139], although participation rates in the labour force are far lower for women (18%)[140]. A lack of data on children with disabilities and children working is a major challenge to be addressed and comprehensive services to ensure inclusive education are still missing.

Jordan has a well-developed higher education system with 31 universities (10 public and 21 private)[141]; 245,297 students were registered in these institutions in 2009/2010.

It is estimated that, globally, five out of every 100 children live with a moderate or severe disability[142] and the United States Centre for Disease Control estimates that 13.8% of all children in the United

132 Jordan UNESCO, *Country Programming Document: 2012-2017* Page 16; UNCT, (2011) *Jordan Country Assessment.*

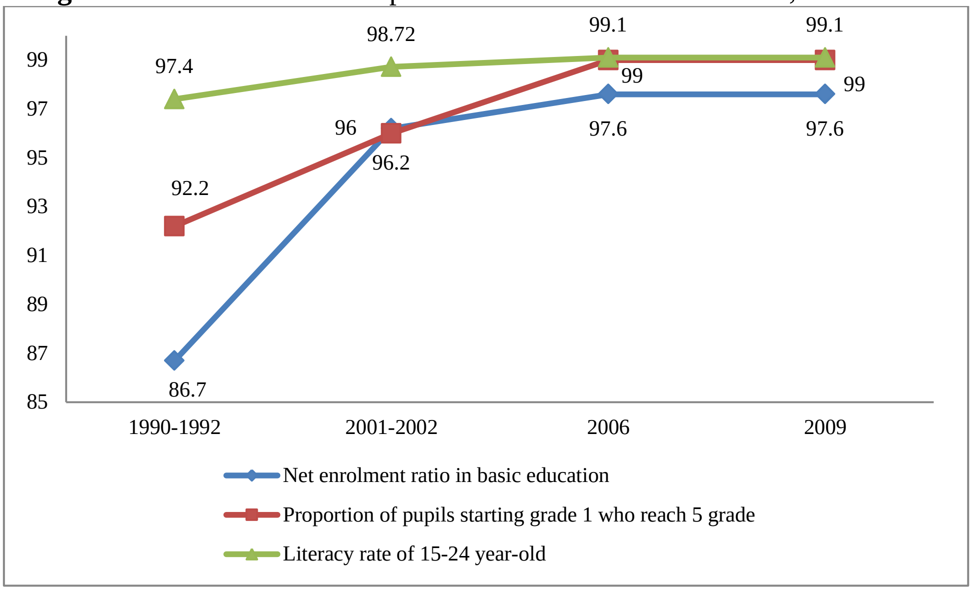
133 UNICEF (2012) *Snapshot of Early Childhood Development in Jordan.*
134 MoPIC (2010) *Keeping the Promise and achieving aspirations, Second National Millennium Development Goals Report – Jordan.*
135 UNDP, (2011), Human Development Report Page 50
136 United Nations (2011) *Country Assessment.*
137 United Nations (2011) *Country Assessment*. Page 26.
138 Melhem, T.Y & Isa, Z.M. (2013) *"Special Education in Jordan: Realities and Expectations"* in International Journal of Academic Research in Business and Social Studies. Vol. 3, No. 7.
139 *Jordan's National Employment Strategy 2011-2020*. Page 37
140 World Bank. Jordan – a country gender assessment. 2013.
141 *Jordan's National Employment Strategy 2011-2020*. Page 37

States have some form of developmental disability, to take one example[143]. While Jordan has sought to expand the provision of services for those with special educational needs, current levels of provision (18,081 students in 2012) are far lower than needed if it is assumed that approximately 5-14% of children have some form of disability.

Development Priorities in the Education Sector

While Jordan has met MDG targets for educational coverage, ensuring the provision of high quality education and establishing a system to ensure inclusive education for the most vulnerable children (e.g. those with disabilities, nomads, children working) remain key priorities for government. Since 2003 the Government of Jordan has implemented a range of policies and activities under the national-led *Education Reform for the Knowledge Economy Program*, designed to enhance the quality of education, and ensure greater relevance and responsiveness of curricula, in order to advance economic development and youth employability. These include the *National Agenda*, *National Education Strategy, Education Reform for Knowledge Economy* (ERfKE), and the *Teacher Policy*.

Figure 16 Millennium Development Goals Education Indicators, 1990 - 2009



Source: United Nations (2011) Country Assessment. Page 90

The Government's core development priorities in education are:

- Enhancing the quality of school-based education and ensuring that curricula, teaching methods, and infrastructure are suitable for the establishment of a knowledge-based economy;
- Expanding the scope and quality of kindergarten programmes, and ensuring the incorporation of KG2 into the basic education cycle; and
- Increasing labour market responsiveness and the relevance of Technical and Vocational Education and Training (TVET) and Higher Education programmes[144] to promote youth employability.[145]

II. Impact Analysis

The Syrian crisis has had a profound impact on the education sector, especially on public schooling. Since the crisis started, the Government of Jordan (with the assistance of UNICEF) has generously granted access for all Syrian children to primary and secondary public schools, despite existing

[142] UNICEF (2013) *State of the World's Children 2013: Children with Disabilities*. UNICEF, New York.
[143] Centre for Disease Control data from 2008. Accessed at http://www.cdc.gov/features/dsdev_disabilities/
[144] *Jordan's National Employment Strategy 2011-2020*.
[145] Summary of priorities as articulated in the National Agenda, Ministry of Education Strategic Plan, National Employment Strategy, Poverty Reduction Strategy, ERfKE.

pressures on the education system such as overcrowding in high population-density areas, and concerns about declining quality.

Demographic Profile of Refugees

There are currently over 600,000 Syrians in Jordan[146]. Demographic data indicates that 53.5% of registered Syrian refugees[147] are under the age of 18 years, and approximately 36% are school aged children between 5-17 years (17.1 girls & 17.8% boys). It is estimated that approximately 77% of these children have missed less than one year of schooling, meaning that at least this proportion is eligible for admission to Jordanian schools, which accommodate those who have missed less than three years of schooling[148]. It is estimated that approximately 25% of the total refugee population (equivalent to 70% of all school-aged children) require access to formal schooling (about 150,000 children), while the remainder (about 70,000) require alternative education services such as informal or non-formal education[149].

Table 10 Analysis of Demographic Data

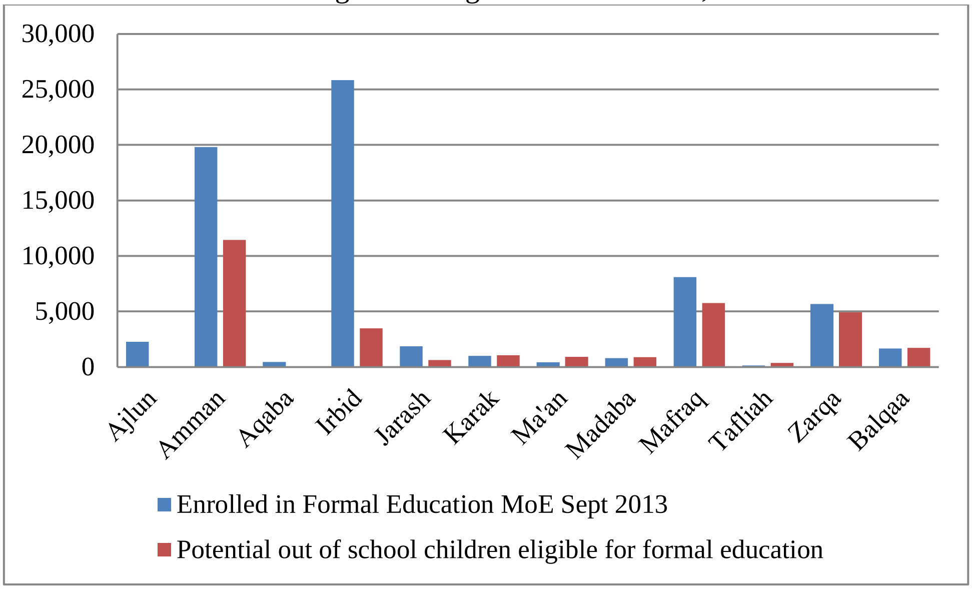
Identifier	Magnitude	Observation	Reference
Refugees in JO	600,000.00	**Registered with UNHCR**	MoI
children under 18 (54%)	324,000.00	**base # Total Refugees**	UNHCR
school age 5-17 (36%)	216,000.00	**base # Total Refugees**	UNHCR
children 5-17 (36%)	216,000.00	**base # Total Refugees**	UNHCR
****70% requiring Formal Ed access**	150,000.00	**base # total school child**	ESWG
30% requiring other educ options	66,000.00		ESWG

Increased Demand for Schooling, and Absorption Capacity

The influx of refugee children has required the education system to expand in order to meet increased demand. At of the end of October 2013, a total of 85,493 Syrian refugee children had enrolled in public schools in host communities, with an additional 20,776 in the camps — resulting in a total enrolment of 106,269 in host communities and camps together.[150] Current figures indicate that 70% of eligible refugee children are enrolled in schools[151], however sustaining attendance remains a challenge. In addition to increased demand by refugee students, 35,000 Jordanian students moved from private to public schools[152] at the start of the 2013/2014 academic year.

146 Jordanian/Syrian Population Figures by MOI and DOS July 2013
147 As of November 10, 2013 there are 544,374 Syrian refugees registered with UNHCR.
148 Education Sector Working Group (2013) *Joint Education Needs Assessment in Za'atari Refugee Camp, Education Sector Working Group, April 2013; the 77% is a country wide projection based on the data collected in Za'atari*
149 Education Sector Working Group planning assumptions for Regional Response Plan 6 (2014)
150 Latest data provided by Ministry of Education to UNICEF. Data correct as of 31 October 2013. The total number of students enrolled in host community schools and schools in refugee camps totaled 106,269.
151 Calculations are based on enrolment data provided to UNICEF by the Ministry of Education and UNHCR data on the number of school-aged children.
152 Ministry of Education and Al Rai newspaper.

Figure 17 Actual enrolments and estimated numbers of out-of-school children eligible for registration in schools, 2013



Source: MoE Data provided to UNICEF. Note: figures reflect enrolments as of September 2013.

Prior to the crisis, school overcrowding had been identified as a threat to education quality. A 2011 study undertaken by the National Centre for Human Resource Development (NCHRD) showed that 36% of all schools were considered crowded, with those in urban areas most affected. The NCHRD study showed that schools in the four governorates in which refugee numbers are highest were already over-crowded[153] prior to the crisis, with approximately 22% of schools in each Governorate operating over capacity[154].

In August/September 2013, UNICEF and the Ministry of Education undertook a mapping exercise of the absorptive capacity of schools, finding that 41% of basic schools were crowded (see figure 16 below). The results of this study as they relate to four Governorates hosting the most refugees are summarized in Appendix 1. The 2013 school absorption-capacity study showed that almost half of the schools in Amman and Irbid were over-crowded and therefore had limited capacity to accommodate additional students.

Available data on Syrian refugee children enrolled in government schools is not disaggregated by gender and so it is not possible to determine whether girls', boys' or mixed-gender schools have been more affected by the crisis[155]. The pre-crisis NCHRD study showed that overcrowding was often higher in girls' schools.

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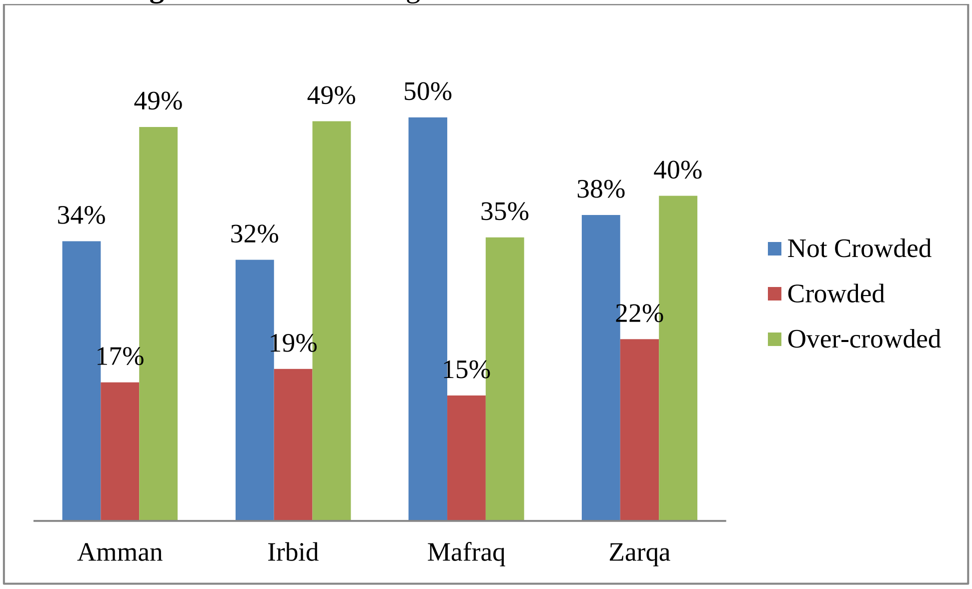
153 The Ministry of Education minimum requirement is that in classrooms there should be at least 1.2 m^2 per student.
154 NCHRD (2011) *School Rationalisation Baseline Study: The situation of crowded and underutilized schools in Jordan.*
155 The findings of assessment surveys vary as to whether attendance rates are higher amongst girls or boys. Since many of the assessments were conducted, enrolment rates have more than doubled.

Figure 18 Overcrowding in Schools in Selected Governorates



Source: 2013 MoE EMIS data analysed by UNICEF.

In addition to exacerbating levels of over-crowding, increased enrolment places a greater burden on school infrastructure. An assessment of 474 schools undertaken by UNICEF and Japanese Emergency NGO (JEN) found that only 7% of students had access to 10 or more litres per day of drinking and multi-use water in schools, and 27% of assessed schools had latrines of "moderate quality". Rehabilitation has already begun in the highest priority schools, yet more schools require specific measures. The quality of sanitation facilities has been shown to affect girls' school attendance, particularly amongst adolescent girls[156]. Increased levels of demand require that water supplies will need to increase and facilities will require more frequent maintenance. Furniture and learning resources will also require more frequent maintenance and replacement.

A number of education sub-sectors are also likely to be impacted by the increased demand for education. The Education Sector Working Group estimates that approximately 30% of all school-aged refugee children are not eligible to enrol in formal schools as they have missed more than three years schooling. The Ministry of Education's Non-formal Education (NFE) programme was established to provide children that have dropped out of school with an opportunity to obtain a 10th Grade equivalence certificate. It is likely that demand for NFE will increase as refugee students who have been unable to access formal education seek alternative pathways to return to learning. NFE implementation has traditionally received high levels of donor support.

There has been an increase in the number of Syrians registered in Jordanian universities, rising from 421 in 2010, to 2052 in 2012[157]. During the same period, the total number of students enrolled in universities rose by over 18,000[158]. Very little information is available on the extent to which Syrian refugees are accessing kindergarten and vocational education programmes. Given that several assessments indicate that the resources of refugee families are dwindling, and that some children are not enrolled in school due to financial constraints, parental fears, psychosocial trauma or other factors it can be assumed that demand for paid educational services will be limited to a small proportion of refugees.

Summary of Changes in Key Education Indicators After the Onset of the Syrian Crisis

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156 WHO (undated) *Definitions of Indicators* accessed at http://www.who.int/water_sanitation_health/monitoring/jmp04_2.pdf. and *Water, Sanitation and Hygiene (WASH) and Women and Girls* accessed at http://www.mvula.co.za/images/uploads/WASHWomen.pdf
157 Ministry of Education data for 2009/2010 and 2011/2012.
158 Ibid.

Table 4 summarizes changes in key education indicators between 2010 and the most recent school year for which data is available (2012/2013). Between April and September 2013 the enrolment rate for Syrian refugee children more than doubled. As the most recent enrolments are not reflected in the data presented in Table 4 the effects of systemic expansion will be less evident. It is likely that the changes between the baseline year (2009/2010) and 2013/2014 will show greater effects.

Table 11 Overview of changes in education sector between 2009/10 and 2012/2013

Education Indicator	2009/2010	2012/2013	Extent of Change
Total number of schools (public, private, UNRWA, Military Culture)	5831.0	6355.0	524.0
Number of Ministry of Education schools	3371.0	3545.0	174.0
Number of teachers (all Managing authorities)	102633.0	110013.0	7380.0
Number of double shift schools	411.0	426.0	15.0
Number of students in double shift schools	179133.0	231494.0	52361.0
Average pupil: teacher ratio	16.4	15.7	-0.7
Number of students	1628481.0	1726831.0	98350.0
Average size of class section	25.9	25.1	-0.8
Teacher per class section	1.6	1.6	1.6

Source: Data provided by the Ministry of Education, reflecting figures as of 30 October 2013.

The total proportion of students attending double shifted schools has increased from 7.6% in 2009[159] to 13.4% in 2012/2013. The Government of Jordan responded to the increased demand for access to schooling, by opening an additional 78 double-shift schools as well as 26 prefabricated units,[160] with international community and donor support. This strategy runs contrary to the Ministry of Education's plan to reduce the number of double shift schools, reversing progress already made, and preventing the achievement of ERfKE performance indicators related to double-shift provision[161]. Indicators related to education quality are deteriorating, especially in double-shifted schools. The establishment of second-shift schools is subsidised by donor contributions, which cover the costs of teachers' salaries, tuition, stationery, and textbooks, while operational costs are borne by the Ministry of Education. With donor support, three new schools were built in Ramtha[162] and 26 schools were provided with prefabricated classrooms.

While Jordan has a relatively low pupil-to-teacher ratio (16:1), disparities in population distribution mean that this ratio is higher in urban areas, at 21:1[163]. Actual class sizes are higher, with a national average of 25 students per class. There are reports indicating that class size rose as high as 40 to 60 students in areas hosting large numbers of refugees in 2013[164].

The Ministry of Education has had to recruit additional teachers on contract to respond to increased levels of demand. Unfortunately, as a result of expenditure reprioritisation, it was not possible for these teachers to be included in the six-month induction programme offered to newly-appointed teachers by the Ministry of Education. A 2012 study by the NCHRD found that temporary teachers were less able to effectively manage classrooms and apply student- centred teaching methods than permanently appointed teachers[165].

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159 Note: The 2009/2010 data shows that 11% of students were enrolled in double shift schools. Differences in figures may be due to the fact that reports cite only the year (2009) which covers two academic years.
160 Data provided by the Ministry of Education, reflecting figures as of 30 October 2013.
161 Personal communication. Ministry of Education.
162 USAID (2013) *Final report and Solutions package: Human and Institutional Capacity Development (HICD) performance assessment of the Jordanian Education Sector and Ministry of Education*.
163 Ibid.
164 UNDP (October 2013) *The Syrian Crisis: Implications for Development Indicators and Development Planning in Jordan*. Draft – Limited Circulation.
165 NCHRD (2012) *Classroom Observation Baseline Study: Student-Centred Effective Teaching and Learning in Jordanian Schools*.

Anticipated Impact on the Quality of Education

The Government of Jordan has long recognised the need to raise the quality of education in order to meet the demands of a knowledge-based economy. In spite of high levels of investment in educational reforms, student performance in national and international assessments declined between 2003 and 2011. The *Early Grade Reading Assessment* (2012) conducted by USAID showed that significant proportions of Grade 3 students had not mastered basic reading skills and were unable to read sufficiently to understand short texts. Performance on the 2011 *Trends in International Mathematics and Science Study* (TIMSS) showed a drop in scores for both Mathematics (-21 points) and Science (-33 points); similar declines were also recorded on the *National Assessment for Knowledge Economy Skills* (NAfKE) achievement surveys administered between 2006 and 2011. These trends must be reversed if Jordan is to realise the educational vision set out in the national education strategy and the *Education Reform for the Knowledge Economy* (ERfKE).

There is a fairly widespread perception that the presence of refugees in Jordanian schools has had a negative effect on the quality of public schools[166]. The real impact of the crisis on quality is yet to be measured. However, the changes in some of the key determinants of educational effectiveness indicate that maintaining the quality of education will require additional support to teachers and students.

Redoubled efforts are required of Jordanian teachers to ensure that Syrian students keep up the pace during the class time and to ensure Jordanian students don't lose motivation and interest. School counsellors are also over-burdened by the increased number of students.

Historically, indicators of education quality in Syria have been lower than in Jordan. In the 2007 TIMSS study, Syrian students performed 32 points lower than Jordanians in 8th Grade Mathematics, and 30 points lower in Science[167]. In general, teacher qualification levels were also assessed as lower, with only 7% of Grade 8 Mathematics teachers holding a university degree, as compared with 89% in Jordan[168]. Automatic promotion policies and differences in curriculum structure mean that Syrian students who have successfully completed a particular grade may not have the same knowledge and skills as their Jordanian peers. Syrian students report that they have difficulty in keeping up with the Jordanian curriculum [169]. This may be further exacerbated by the fact that Syrian children may have missed months or years of schooling prior to, and during displacement. Differences in curriculum coverage and performance levels amongst children of the same grade require that teachers adapt pedagogic practices to accommodate different learning levels and needs.

Violence and bullying has also been identified as a factor that has the potential to undermine educational quality[170]. Several efforts, such as the Ma'an violence reduction campaign have sought to address this issue. Although national surveys indicate that levels of violence in Jordanian schools decreased between 2011 and 2012[171], several assessment reports indicate that Syrian students report instances of bullying and tension in schools[172]. This has the potential to create an adverse learning

166 Mercy Corps (2013) *Mapping of Host Community Tensions in Mafraq and Ramtha*. The report cites a study undertaken by the University of Jordan Centre for Strategic Studies which found that 58% of respondents felt that the quality of public schools had declined as a result of the refugee influx.
167 Martin, M.O, Mullis, I.S., Foy, P., Arora, A. (2012) *TIMSS 2011 International Results in Mathematics.* Chestnut Hill, MA. TIMSS and PIRLS International Study Centre, Boston College. . Martin, M.O, Mullis, I.S., Foy, P., Stanco, G.M. (2012) *TIMSS 2011 International Results in Science.* Chestnut Hill, MA. TIMSS and PIRLS International Study Centre, Boston College TIMSS 2011 Science report
168 Martin, M.O, Mullis, I.S., Foy, P. (2007) *TIMSS 2007 International Results in Mathematics.* Chestnut Hill, MA. TIMSS and PIRLS International Study Centre, Boston College
169 UN Women (2013) *Gender-based violence and child protection amongst Syrian refugees*.
170 UNDP (2013) *Jordan Poverty Reduction Strategy – Final Report*
171 Data extracted from MoE Eduwave database. A national survey of violence in schools was conducted in 2009/10 , followed by a sample-based survey in 2012.
172 UNWomen (2013) *Child protection amongst Syrian refugees in Jordan, with a focus on early marriage*. Page 35

environment for all students, and increases demands on teachers to maintain a conducive atmosphere for teaching and learning.

Financial Implications for the Government of Jordan of Providing Access to Education

Expenditure on Education

In 2011, 11.3 % of its national budget (equivalent to 4.09 % of GDP), was dedicated to education—slightly lower than in other MENA countries where the allocation to education ranged from 18 to 20%[173]. The largest share of the budget was dedicated to basic education (74.3%), followed by secondary education (12.9%), with vocational education (3.2%), kindergarten (1.4%) and special education (0.5%) receiving a far smaller share. In the 2013 budget the proportional allocation to different education sub-sectors remained similar, with primary and secondary education receiving 88.8% of the MoE budget. As salary payments account for 86% of recurrent expenditure, little remains for investment in infrastructure, provision of materials, continuous professional development of teachers, or the provision of teacher incentives[174].

Between 2011 and 2013, the budget allocated to the Ministry of Education increased by JD 200,573,500 million[175]. Most of this money was allocated to primary education. According to MOPIC, public expenditure has increased by USD75 million per year, with USD877 per year being required for each primary school student and USD1195 for secondary school students[176]. The costs of continuing to accommodate Syrian students cannot be borne by the Government alone.

III. Response Options

Responses to the Syrian crisis should (i.) be inclusive, meeting the needs of both vulnerable Jordanians and refugees both those in and outside the formal education system, (ii.) be responsive to national demands for improved levels of service delivery, and (iii.) promote the long-term resilience of the education system to safeguard gains already made, and to accelerate the implementation of quality-focused reform strategies.

Scaling-up and Expanding On-going Interventions in Host Communities

A significant proportion of the funding that has been provided through humanitarian response programmes has been used to strengthen the ability of the public education system to absorb Syrian refugee children, and to minimize the negative impact on students and schools. System-wide support has been provided in the form of direct financial support, teacher training, infrastructure support, and basic teaching and learning supplies. Education partners, in close collaboration with the MOE, have provided additional learning spaces, and supported refurbishment and small-scale renovations in 140 public schools in host communities[177].

Expanding the Absorption Capacity of Schools

It is anticipated that the number of refugees living in host communities will continue to rise, further increasing pressure on schools to accommodate new arrivals and ensure continued access for marginalised and vulnerable Jordanians, including out-of-school youth and children at risk of dropping out.

The most pressing need for the education sector is to ensure that schools and the education system can accommodate the increased demand, without exacerbating the existing levels of over-crowding in

[173] UNDP (2013) *Jordan Poverty Reduction Strategy – Final Report*
[174] Figures were supplied by the Ministry of Education.
[175] Figures were supplied by the Ministry of Education.
[176] Ministry of Planning and International Cooperation (2013) *Impact of Hosting Syrian Refugees – October 2013*.
[177] RRP5 Monitoring Framework (August 2013)

schools. The creation of double-shift schools is an effective temporary measure that utilises the existing education infrastructure, but has the potential to undermine the quality of teaching and learning, due to the reduction in instructional time and the unavailability of the school premises for extra-curricular activities.

Enhancing Information Management to Support Effective Response Planning

In order to facilitate more effective response planning, and improved projection of needs, educational planning and information management systems should provide accurate and up-to-date demographic and education-related data on refugees. Existing efforts to enhance the education management information system (EMIS) could be expanded to facilitate more effective crisis response and contingency planning.

Sustaining the Quality of Education

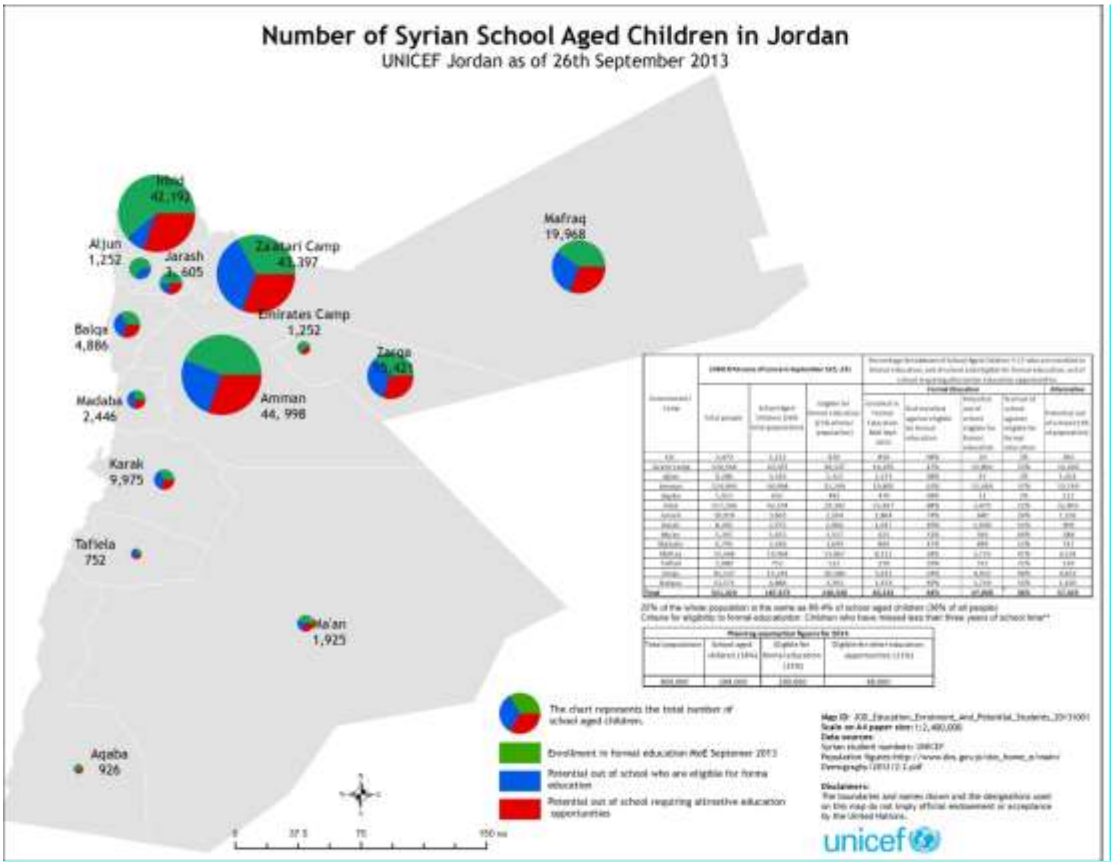
At the same time, structured support within classrooms is needed to ensure that Jordanian and Syrian students learn together in conducive learning environments that support children's enjoyment of basic rights. To meet this end, more teacher-development programmes are needed, to help equip teachers with the skills to respond to the demands associated with teaching students of different ability and performance levels, and those who need psychosocial support. In line with efforts to strengthen the calibre of all teachers, the coverage of existing induction programmes for newly-recruited teachers should be expanded to ensure that all teachers in Jordanian schools receive adequate professional preparation.

Greater development of Certified Alternative Learning Pathways for those not attending Schools

Opportunities also exist for the Ministry of Education and NGOs to develop a wider range of alternate pathways to support learning, including the wide expansion of non-formal education. This would include the establishment of alternative education programmes for all children younger than 18.

Increased Focus on Effects of the Crisis on the Most Vulnerable Students, Including Children with Special Education Needs

Very little is known about the effects of increased student numbers on access to education for marginalised students and children with special educational needs, including those who were enrolled in schools prior to the onset of the crisis. Trauma and the after-effects of exposure to armed conflict can have a profound effect both on the ability to learn and on students' behaviour. Transportation, provision of appropriate curricula and training for teachers in the delivery of basic psycho-social support would benefit both refugee and Jordanian students by creating support systems that address short-term or temporary special learning needs.



3.2 Health

I. Pre-Crisis Situation

Health System Organization

Jordan has an advanced health care delivery system. Health care is mainly provided by the public sector, predominantly by the Ministry of Health (61 percent), while the remainder is provided by the Royal Medical Services (RMS), university and teaching hospitals, charitable health care clinics, and the private sector. A system of regional and national hospitals deliver secondary and tertiary care, while a system of health centers (comprehensive, primary and peripheral) has designated catchment areas, serving the population. In addition, the United Nations Relief Works Agency (UNRWA) operates a network of health care services to serve Palestinian refugees living in Jordan.

Jordan's MOH is in the process of optimizing the functionality and referral patterns of its health care facilities. For instance, patient care is currently mainly delivered through secondary and tertiary care hospitals, while the MOH's National Health Strategy for 2014-2018 emphasizes the importance of strengthening the utilization of primary health care centers. MOH's health centers deliver some preventative services such as immunization, ante-natal as well as family planning services. MOH also provides other preventive services, such as environmental health, disease surveillance, and communicable disease control (e.g. National Center for Communicable Diseases).

Health Sector Performance

Since the early 1980s, Jordan's national strategies have emphasized the right to health and health care. This section highlights three health sector domains that can serve to illustrate Jordan's remarkable health sector performance prior to the Syrian crisis;

Reproductive, Maternal and Child Health

Major progress has been made over the past decade in lowering infant and child mortality rates. Jordan's maternal mortality ratio decreased from 36/100,000 live births in 2000-2001 to 19/100,000 in 2010. Jordan is currently one of the countries with the lowest infant and maternal mortality rates in the region[178], and has made considerable progress in reducing the major health risks to infants and children. The country's Public Health Act of 2008 mandated free access, regardless of citizenship status, to all preventive services, including immunization for vaccine-preventable illnesses and treatment for communicable diseases of public health significance such as tuberculosis and malaria. As a consequence of its investments in immunizations Jordan has been polio free since 1995, was due to be certified as being free of indigenous (i.e. non-imported) measles transmission, and was on course to develop its road map towards the elimination of tuberculosis.

Communicable Diseases

Although the disease profile is changing, infectious diseases are still major causes of morbidity in Jordan. Diarrheal diseases, acute respiratory infections and hepatitis are the leading causes of morbidity among children. There has been a dramatic drop in the incidence of vaccine-preventable diseases. Good surveillance and follow-up of all cases and contacts have resulted in a drop in tuberculosis rates from 7.3/100 000 in 1993 to 2.5/100 000 in 2012. All malaria cases currently detected in Jordan are imported[179].

Non-communicable diseases (NCDs)

The five top causes of death in Jordan for the year 2009 were related to cardiovascular (circulatory) diseases, responsible for 36% of deaths, followed by neoplasms (15%), external causes of mortality /injuries (10%), endocrine, nutritional and metabolic diseases (8%) and certain conditions originating in the perinatal period (7%). Non-communicable diseases and external injuries have become important causes of death and are responsible for 69% of registered deaths[180].

All key health outcome indicators (infant mortality rate, neonatal mortality rate, under five mortality rate, maternal mortality ratio continued to improve or remained stable between 2010 and 2012.

Table 12 Selected Health Indicators, 2010 and 2012

Indicator	2010	2012
Infant Mortality Rate/1000 live births	23	17
Under Five Mortality Rate/1000	28	21
Maternal Mortality Ratio/100, 000 live births	19	19

Source, DOS, and MDG reports various years

However, as shown below, increased pressure on the health care system arising from the Syrian crisis could jeopardize the sustainability of these achievements.

Health Care Expenditure and Finance

[178]Ajlouni, Musa.Jordan Health System Profile, Jordan, 2010.

[179] MOH Annual Report, 2012.

[180]MOH, Directorate of Information and Research. Mortality in Jordan for the year 2009, Amman, 2011.

According to current National Health Accounts (NHA), Jordan spent approximately USD 2.171 billion in 2010 and USD 2.233 billion in 2011 on health. These amounts represent 8.19% and 7.72%.of GDP in 2010 and 2011, respectively, and are among the highest public health spending levels in the twenty two countries that comprise WHO's East Mediterranean Region (EMRO). Jordan's increasing efforts to reduce the out-of-pocket portion of total health expenditure is also among the most significant in this region. Per capita healthcare spending was USD355.3 in 2010 and USD357.2 in 2011.

Table 13 Selected Health Finance Statistics in Jordan

Indicator	Value
Total expenditure on health per capita (US $, 2011)	357.0
Government expenditure on health as a %age of total expenditure on health (2011)	62.0%
Total expenditure on health as % of GDP (2011)	7.7%
Pharmaceutical as % of total health expenditure	27.0%
Distribution of pharmaceutical as % of total health expenditure (2011) **● Public** **● Private**	45% 55%

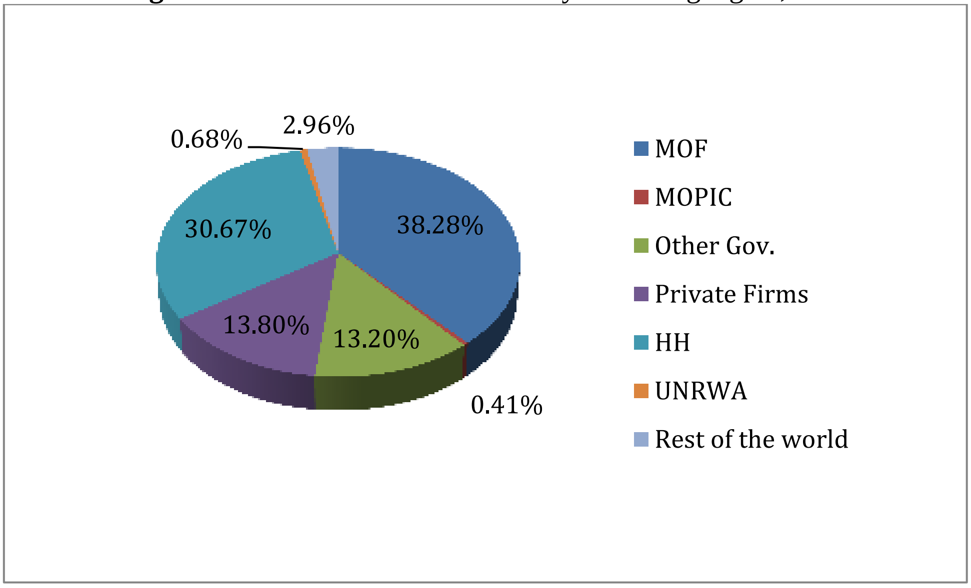
Source: MOH Information and Research Directorate, 2013.

Despite these achievements, the health sector in Jordan still faces a number of challenges. Primary among these is the country's ability to generate sufficient financial resources to cover health care costs. Additionally, there is inequity in expenditures along the disease continuum (prevention versus treatment), as well as inequity across disease types, and differentials in access across gender, geographic and socio-economic strata.

Total expenditure on pharmaceuticals in 2010 was USD590.1 million (or 2.26 percent of GDP), increasing in 2011 to reach USD604.3 million. Public spending on pharmaceuticals accounted for 45% of the total health expenditure in 2011 (See Table 2). The majority of Jordan's health sector spending was on curative care at 75.27 percent in 2010 and 74.77 percent in 2011, while spending on primary care was 15.86 percent in 2010 and 16.01 percent in 2011[181]. As shown in Figure 1, the bulk of health funds comes from the Government (51.9 percent) and households (30.67 percent).

[181] National Health Account 2010, 2011.Technical Report No.4, May 2013.

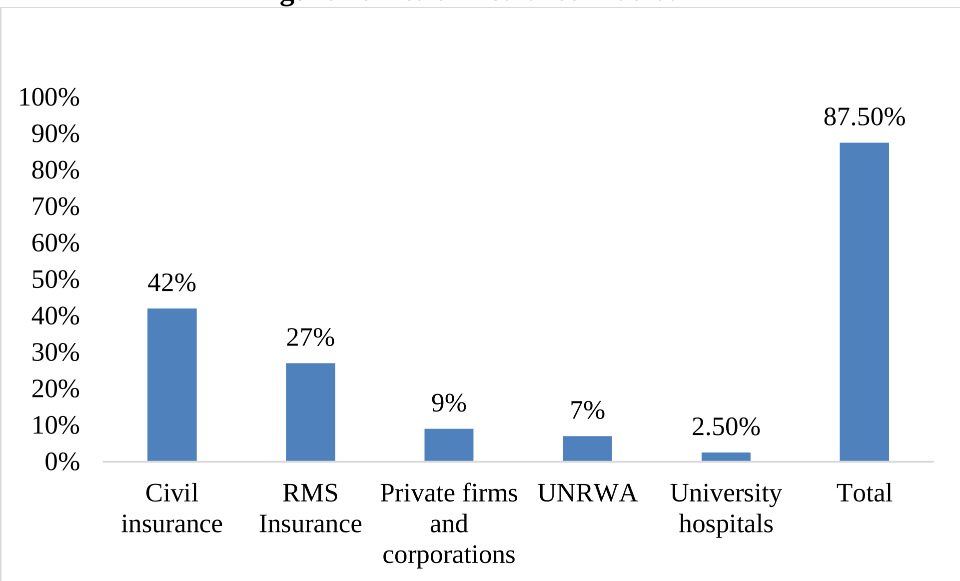
Figure 19 Sources of Health Funds by Financing Agent, 2011



Source: National Health Account Report 2011, High Health Council and Ministry of Health

About 87.5 percent of the population in Jordan is covered by formal health insurance[182]. By population coverage, Jordan's National Health Insurance is the largest health insurer (42 percent of the population) followed by the RMS (27 percent) (see Figure 2)[183]. Implementing universal health coverage has been one of the goals of all successive governments in Jordan. However, challenges remain in ensuring full coverage, and in reducing the high proportion of out-of-pocket expenses borne by those who are under-insured.

Figure 20 Health Insurance in Jordan



The influx of additional uninsured populations such as refugees, though partially subsidized through humanitarian donations, poses a formidable challenge to a health care financing system still struggling to optimize its performance.

[182] National Health Account 2010, 2011. Technical Report No.4, May 2013.
[183] National Health Account 2010, 2011. Technical Report No.4, May 2013.

II. Impact of Syrian Refugees

Syrian refugee presence outside the camps poses a heavy burden on Jordan's health sector as it overwhelms the limited capacity of the sector to deliver adequate services to Jordanians and Syrians alike. This is particularly true for the public sector, and applies to both preventive services, curative and rehabilitative health services and at all levels (primary, secondary and tertiary).

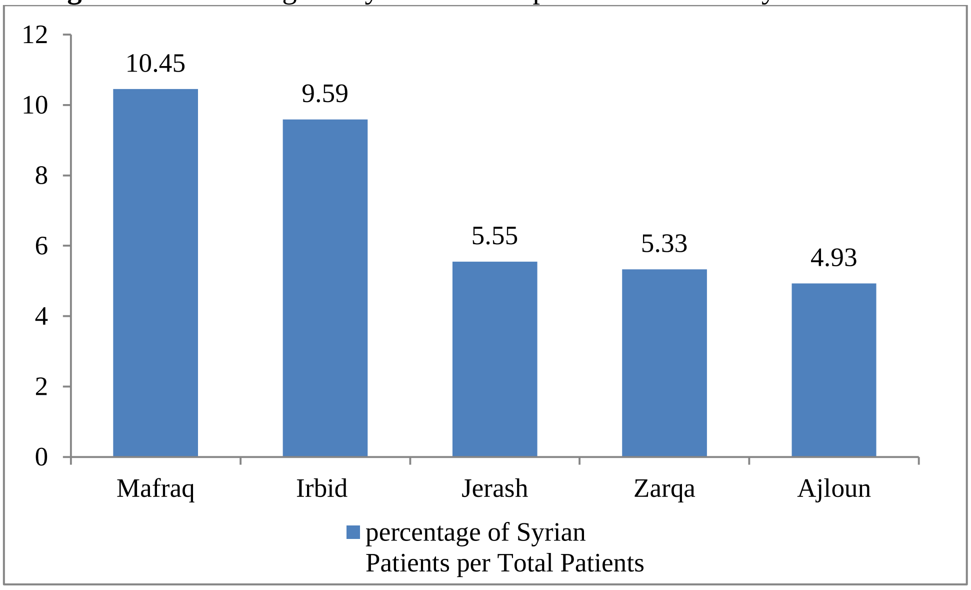
High increase in demand for public health services

Demand for services by refugees at MOH facilities has increased dramatically. MOH data show that the number of outpatient visits to MOH primary health care centers (PHCCs) by Syrian refugees increased from 68 in January 2012 to 15,975 in March 2013[184]. During the same period, Syrian refugees attending MOH hospitals increased from 300 to 10,330. There was also a sharp increase in the number of Syrian refugees requiring surgery rising from 105 in January 2013 to 622 surgeries in March 2013[185] Given the concentration of Syrian refugees in Jordan's northern and some middle zone governorates, Jordanians seeking health care face longer waiting lines at MOH facilities in those areas..

According to the Joint Rapid Health Facility Capacity and Utilization Assessment (JRHFCUA) [186] conducted in June-July 2013 in the governorates most affected by Syrian crisis (Mafraq, Irbid, Zarqa, Ajloun, and Jerash), on average, 9 percent of the total population accessing the MOH health facilities in the northern governorates were Syrian refugees.

As shown in Figure 19, the proportion of Syrian patients to total patients was above average in Mafraq and Irbid.

Figure 21: Percentage of Syrian Patients per Total Patients by Governorate



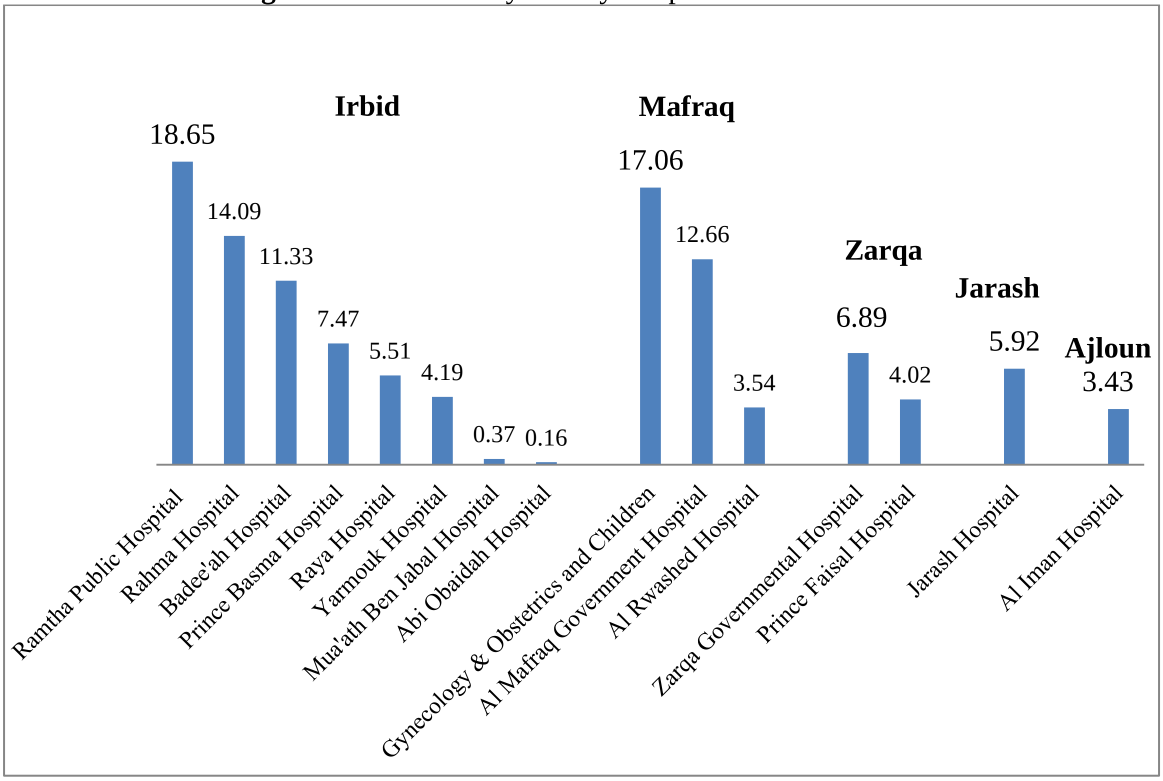
Source: JRHFCUA

[184]MOH primary health care centers reports, 2013
[185]MOH care centers reports, 2013

[186]Joint Rapid Health Facility Capacity and Utilization Assessment (JRHFCUA) conducted by the Ministry of Health in Jordan, WHO, the International Advisory, Products and Systems, the Massachusetts General Hospital Center for Global Health, Harvard University and the Jordan University for Science and Technology, Jordan, 2013

In Irbid, Syrian patients were found to make up close to 18 percent of all patients in Ramtha Public Hospital (Figure 20).

Figure 22 Percent of Syrians by Hospital in Five Governorates



Among Syrian patients presenting at MOH facilities, the top three diagnoses were upper respiratory infections, high blood pressure and urinary tract infections.

The assessment also confirmed that usage by Syrians in terms of level/type of facility visited, as well as the gender distribution of total Syrian patients was roughly similar to the patterns of utilization by Jordanians. However, the study showed that the percentage of Syrians out of total patients is greater in the Obstetrics-Gynecology and Children's Hospital group (17.1 percent) as compared to the General Hospitals (6.8 percent). This is possibly due to the high proportion of pregnant women who needed to deliver by skilled attendants, and the large number of children among Syrian refugees in Jordan.

Potential increases in the disease burden

Comparative morbidity data show a different disease profile and increased levels of morbidity for Syrians refugees than Jordanians. This could affect the disease burden in Jordan the future. According to Jordan's national cancer statistics, Syrian refugees admitted with cancer at health facilities rose from 134 in 2011 to 169 in the first quarter of 2013, representing a 14 percent increase in Jordan's total cancer disease burden[187]. Similarly, morbidity data from the MOH indicates a rise in some communicable diseases. As of April 2013, TB case notification was 5/100,000 among Jordanians and 13/100,000 for Syrian refugees (see table below)[188]. While no measles cases had been reported in Jordan since 2009, MOH data show that 116 Jordanians and Syrians have been diagnosed with the measles as of October 2013. The following table compares morbidity rates for three diseases between Jordanians and Syrians over a period of one year

[187] National Cancer Registry Records, MOH, 2013
[188] National TB programme, MOH, 2013

Table 14 Comparative Morbidity for Select Communicable Diseases Among Jordanians and Syrian Refugees (outside & inside camps), during 2012 to April 2013

Disease	Jordanians	Syrian Refugees
Pulmonary Tuberculosis (TB) per 100,000 population	5	13
Measles per million population No cases in Jordan since 2008	3	51
Cutaneous Leishmaniasis per million population	3	158

As confirmed by WHO in late October 2013, polio's re-appearance in Syria after several years of absence, together with confirmed reports of isolated wild polio virus in sewage samples in Egypt (2012) and Palestine (2013), raises the risk that the virus may be circulating in Jordan as well. This means that support for mass immunization campaigns taking place now is extremely important in order to prevent such spread in and beyond Jordan.

Increased strains on health system delivery capacities

In order to address the increased demand for health services caused by the crisis, the MOH has mobilized significant human and financial resources. A Cabinet decree of 16 May 2012 offered free health care services for all Syrian refugees escaping the conflict into Jordan. This policy continues to be implemented, even though the scale of refugee presence in Jordan has dramatically increased since March 2012.

Syrian patients represent an increased caseload and place an additional burden on healthcare and, by extension, pose a further strain on an already under-resourced MOH health care delivery system.
The increase in health care utilization has primarily been met through existing MOH structures and resources. However, Jordan's ability to sustain the gains it has achieved over the years in terms of health sector indicators may become undermined if the crisis draws out. The negative impact of the Syrian crisis on the health sector in Jordan was initially assessed by WHO and presented at a high-level meeting by MOH in May 2013[189]. The following table shows compelling picture of how Jordan's key indicators of health system capacity and service access are negatively affected by the Syrian refugee crisis.

Table 15 Impact of the Syrian Refugee Crisis on Jordan's Health Sector:

[189] Presentation by HE Minister of Health to UN agencies and donors, 21 May 2013, Palais des Nations, Geneva.

Facilities and Health Workers

MOH Health Workers Capacity	As of mid-2012	Projected by end 2013
Physician/ 10,000 pop.	27	23
Dentist/ 10,000 pop.	10	9
Nurse (All Categories)/ 10,000 pop.	47	40
Pharmacist/ 10,000 pop.	16	14

MOH Health Facilities Capacity	As of mid-2012	Projected by end 2013
MOH Total Health Facility Bed Number	4572 (38.1%)	4572 (38.1%)
Ratio of MOH totals Hospital Beds/ 10,000 pop.	18	16

Source: MOH presentation to UN agencies and donors, 21 May 2003, in Geneva

Pressures on delivery capacities of the health system are further evidenced by data from the JRHFCUA assessment, which also demonstrates deficiencies in the supply and availability of medications, health equipment, and specialists in health facilities. The availability of medications varied per governorate, with antibiotics for both adults and children being the most common available drugs. Potential areas of concern include access to oral delivery-related medications for all five governorates (all under 20% availability), and access to cardiac and/or vascular drugs, oral rehydration therapy, and diuretics for Mafraq (categories within which less than 70% of clinics in Mafraq reported availability) [190].

With regards to health equipment, clinics throughout all five governorates reported variations in access to medical equipment. Thermometers were the most available (82% in Jerash and 95% in Ajloun), followed by nebulizers. However, equipment related to vaginal delivery such as delivery table, delivery kits, emergency trolleys, vacuum extractors and pulse oximeters were available at less than 50% of health facilities across the five governorates.

The JRHFCUA verified pervasive shortages in specialized health workers, including obstetricians, gynecologists, dermatologists, pediatrics, and psychiatrists with varied availability among the five governorates[191]. Dermatologists and gynecologists were rarely available (between 0% - 4.55% of facilities) in all five governorates, except Zarqa, which had a higher percentage of these specialists available (11.54% and 19.23%, respectively). Zarqa, despite its overall high availability of specialists, had no psychiatry facilities. Ajloun reported no available specialists in pediatrics, psychiatry, gynecology, or dermatology, while Jerash reported no specialists in family medicine, psychiatry, gynecology, dermatology or other specialties[192].

Mounting Budgetary Pressures

With the heightened demand for health services and the GOJ’s policy to provide refugees with access to the country’s health care services, the health sector is facing significant financial pressures and shortages. Financing recurrent drugs and vaccine purchases and replacing medical equipment requires extra support from donors and agencies supporting the MOH, as these are being depleted at a faster rate. The response of the MOH health facilities has been to draw on their emergency stocks. Between 2011 and 2012 drugs procured by the MOH increased by 15 percent at an additional cost of USD14 million (18 percent increase).

[190] Joint Rapid Health Facility Capacity and Utilization Assessment (JRHFCUA) conducted by the Ministry of Health in Jordan, WHO, the International Advisory, Products and Systems, the Massachusetts General Hospital Center for Global Health, Harvard University and the Jordan University for Science and Technology, Jordan, 2013
[191] Ibid
[192] Ibid

Overall, the GOJ estimated that it incurred additional costs in the order of USD250 million during 2012 and the first quarter of 2013 to accommodate the increased demand for services. In health care, the MOH has already spent USD53 million to cover health care needs of Syrian refugees. MOH's procurement of vaccines almost doubled in one year, from around USD12 million in 2012 to USD20 million in 2013[193]. This is first due to the large percentage of Syrian refugees who are children, but also to the increased risk of vaccine-preventable diseases, which places both Jordanians and Syrians at risk, and thus drives up costs exponentially.

Jordan's health care financing system has come close to a breaking point due to the increased strain incurred by the Syrian refugee influx on an already stressed system. The increasing public debt owed by the MOH also points to the uncovered cost of care posed by Syrian refugees.

III. Response Options

The emerging and multi-faceted challenges that the health sector faces, as documented above, require a qualitative change in the way the various partners have been responding to the impact of the Syrian crisis in the sector. This is critical given the scale and protracted nature of the crisis, which necessarily limits the effectiveness of humanitarian interventions.

Two sets of specific recommendations emerge from this review:

Reducing the financial gap resulting from the additional caseload created by the Syrian refugee influx. This would include provision of direct and indirect financial support to increase the MOH budget by at least 20% annually, in order to cover recurrent costs incurred by the refugee influx, In addition, this would require expansion of the health care financing envelope, and broadening of the mechanisms used in financing to assist MOH achieve universal health coverage for vulnerable groups.

Increasing the service delivery and absorptive capacity of the MOH health system, and support improved management of resources. This would require the following:

- Develop output-based-payment systems or vouchers that can be used by Syrian refugees and national vulnerable groups in the nearest available health facilities (with well-developed methods, tools, accountability mechanisms and management);
- Physically expand bed, surgical, outpatient, emergency, maternity, lab and other infrastructure capacity of up to 20 existing Jordanian MOH hospitals and 30 comprehensive health centres nationwide;
- Strengthen and support preventive programmes at MOH, especially in the prevention of communicable and non-communicable disease, as well as in essential primary health prevention such as immunization, maternity and neonatal services, and family planning to meet the increased demand for these services at community, governorate and national levels;
- Strengthen the capacity of emergency services including in borders areas. Strengthen the use of triage system and re-channelling of non- emergency cases through comprehensive health centres;
- Increase MOH health human resource availability and skills through training, better distribution, and incentives for specialists, including female doctors, to work in the governorates with the highest distribution of Syrian refugees;
- Strengthen functions directly related to the Syrian crisis such as: 1) information systems and data collected at governorate levels; 2) disease surveillance and early warning alert systems; 3) pharmaceuticals, contraceptives and vaccines supply management, and equipment maintenance systems;
- Strengthen communication skills of service providers and build capacities to apply and maintain behavioural changes;

[193] World Bank Project Appraisal Document, Emergency Project to assist Jordan partially migrate impact of Syrian Conflict, JORDAN July 3, 2013

- Strengthen overall health promotion systems, and education, communication and advocacy messages for behavioural change targeting the general public;
- Support the incentive system for MOH human resources for health, to increase retention and stop leakage of needed experiences to other countries.

4. LOCAL GOVERNANCE

This section looks at the impact of the Syrian crisis on the local governance system in Jordan. It gives an overview of existing institutional arrangements; analyses the state of municipal finances in the most affected municipalities efore the crisis; assesses impact of the crisis on the delivery of municipal services; and proposes a set of measures that will be necessary in the longer-term to mitigate the impact of the crisis.

4.1. Institutional Framework and Capacities

The Local Governance System in Jordan[194]

The sub-national governance system in Jordan is composed of (i) deconcentrated public administrations at the governorate level, and (ii) a single tier of local authorities (the municipalities). It is best described as centralized power with local coordination.

Governorates are deconcentrated off-shoots from the central government, and its various line ministries. The Governor, nominated by the Council of Ministers and appointed by the King, reports to the Minister of Interior. The Governor's functions are predominantly related to security. The Governor has a growing role in planning for socio-economic development, but no independent budget to support sub-national programming. Line ministries are represented at the governorate level through Directorates, which have limited autonomy in planning and execution, except for certain functional units and state agencies that have larger autonomy at the subnational level[195]. Heads of Directorates sit in the *Executive Council* chaired by the Governor, which is a coordination platform. The Governor is also supported by *an Advisory Council* of up to 25 appointed members (MPs, mayors, civil society organisations (CSOs), community-based organisations (CBOs), private sector), which has a limited role in policy-making and implementation, and no direct accountability links to citizens.

The Law of Municipalities, which was amended in 2011, defines *municipalities* as "*a local institution vested with financial and administrative independence*", alluding to some level of decentralization. The total number of municipalities in Jordan has been reduced from 328 in the early 2000's to 100 today. Municipalities are classified into four categories from A to D,[196] depending on the location and size of population. They are governed by a Municipal Council which is elected every four years, with 25 per cent of the seats assigned to women. An elected Mayor chairs the Municipal Council and acts a chief executive over the municipal administration, with the assistance of a Municipality Director appointed by the Ministry of Municipal Affairs (MOMA)[197]. Municipalities have 29 areas of responsibility[198] which relate to standard urban services, such as cleaning, spraying insecticides, street lighting, construction and maintenance of roads, slaughterhouses, markets, public parks, libraries and town planning. Municipalities also have a general local development mandate. Water supply and sanitation are not municipal functions according to the law, but municipalities often try to address deficiencies in these government-run services with their own initiatives[199]. The source of income for municipalities consists mostly of own-revenues (including from investment projects), state budget transfers, loans from the Cities and Villages Development Bank, and in rare cases, donor grants. Municipal finances are overwhelmingly used for operating costs; municipalities have a very low capital investment capacity in general[200].

[194] Statements and data on municipalities in this section do not always apply to three special entities (Greater Amman Municipality, Aqaba Special Economic Zone and Petra Touristic Area), which have specific governance arrangements differing from other local governments.
[195] This category comprises of line ministry agencies or state-owned public service enterprises with higher levels of autonomy than classic line ministry directorates; they often operate in parallel to municipalities as service providers.
[196] Category A: centre of governorates and/or with more than 100,000 people; Category B: centres of district (liwa) and/or with a population of 15,000 to 100,000; Category C: centre of sub-districts (qadha) and/or populations from 5000 – 15000; Category D: those covering less than 5000 people (CCA).
[197] At least for larger municipalities (A and B).
[198] They used to have 39 before, including the areas of education, health and water.
[199] E.g. Operating water / sewage truck services for residents in municipality against fee (income generation).
[200] In average, 17% of their annual expenditures (EU, 2013).

The central supervisory authority over the sub-national governance system is shared between the Ministry of Interior (MOI) for the Governorate level (including District and Sub-District levels) and MOMA for the municipal (local) level. The Ministry of Planning and International Cooperation (MOPIC) plays a significant role in local development planning. Line ministries remain fully in control of service delivery facilities in their respective sector.

Development planning for the local level is shared between numerous actors under the leadership of MOPIC, MOI and MOMA. In the public sector, expenditures are planned and executed either by the central government or by municipalities. Only 3 per cent of total government expenditures are expended at the municipal level[201], equivalent to only 1 per cent of the GDP, the lowest level in the region[202]. Planning is done mostly through vertical lines with top-down control and centralized budgets. Attempts to increase local development planning through horizontal lines have gained momentum at the governorate level, and in some cases at municipal level, with the intent of involving local populations in a more direct way[203]. Local Development Units (LDUs), staffed by MOI, are present in Governors' offices, and similar units, supported by MOMA, are also functioning in approximately 40 municipalities. LDUs are meant to play a key role in information management, research, planning and monitoring, in support of local policy-making and implementation.

Jordanian *civil society* plays a limited formal role in local development planning led by government, except in locations where externally supported community development initiatives take place. This is partially due to the fact that there are no clear policies, procedures, or institutionalized mechanisms for citizen participation. These organizations play a very important role in community life, however, in particular by providing assistance to the most vulnerable, in service delivery (especially public health, early childhood education, literacy, women's and children rights), and in local development. CBOs, in particular, enjoy good ratings among citizens[204] and are seen as more responsive to citizen needs than State institutions, whether local or national. Civil society is represented in the Governorate Advisory Committees and can have an influential role at the grassroots level by interacting with municipal councils on issues of concerns to local citizens[205]. Civil society is also contributing to greater integrity of governance systems by undertaking independent social accountability initiatives. Some NGOs have more clout, thanks to the patronage of members of the royal family, giving them greater flexibility, access to financial resources, capacity, and advocacy power.

I. Pre-crisis Situation

The local governance and local development system in Jordan has been in a *slow but inconclusive transition towards decentralization* since His Majesty the King launched a broad reform programme on 25 January 2005. This reform programme aimed at achieving, among other things, greater participation in public sector policy making and implementation, and improving social auditing of the performance of the public sector. An Inter-ministerial Technical Committee for Decentralization was established in 2009, leading to an intense drive for policy formulation, with the support from donors. However the reform has lacked a unified vision at the centre of government that can translate into appropriate political, administrative and fiscal decentralization frameworks. The Arab Spring and the economic crisis that unfolded after 2008 have also pushed the government to hold back on political and fiscal decentralization. Instead, priority has been given to strengthening administrative de-concentration at the governorate level, mostly for development planning, and to building municipal managerial capacities. The government has recently showed a renewed interest in pushing

[201] Figures for 2010, excluding the special zones of Amman, Aqaba and Petra, governed by different arrangements. Source: EU, 2011.
[202] This stands in sharp contrast to worldwide averages of almost 40 % in federal countries and 22 % in unitary countries.
[203] Mostly in the context of donor-funded projects
[204] 79% trust partially or fully CBOs to deal with community needs (survey of 400 citizens in 5 municipalities, Jan 2013, Global Communities).
[205] It is worth to be noted though that there are no formal obligations on municipalities to engage local civil society and communities in the planning and budgeting exercise, nor are there obligations to report to local residents on performance of the municipality.

decentralization reform forward, with support from the EU[206]. After several postponements, the first municipal elections since 2007 were held in August 2013, under a newly-revised Law of Municipalities[207] and for the first time in Jordan: under the supervision of an Independent Elections Commission. Turnout was low (31.5 per cent of registered voters) due to several factors, including the boycott from certain political parties and voter apathy. The newly elected Municipal Councils have the potential of enhancing the profile of municipalities in service delivery and local development. However, they are facing a huge challenge, taking over bankrupt, bloated and dysfunctional municipal administrations. These issues are further compounded in the northern areas by challenges that come with hosting large numbers of refugees.

The government has mainly approached *administrative de-concentration* from the local development planning angle; governorate administrations still have limited executive and financial powers. Attempts have been made to reconcile vertical and horizontal planning streams, but there are unresolved issues regarding the distribution of roles between MOPIC, MOI and MOMA. Recently, MOPIC spearheaded the production of *Governorate Development Programmes* (GODPs) (2013-2016) in an attempt to address the disconnect between centralized vertical sectorial planning streams and horizontal inter-sectorial area-based planning efforts. The intention was to achieve more citizen participation in and local grounding of decisions on public investments, to boost local economic development and to increase job creation. GODPs define mid-term development objectives, which will be supported by the national investment budget; they aim to identify unmet needs of local communities and to encourage the private sector, civil society and donors to help meet these. A *Governorate Development Fund* has been set up by MOPIC, to collect funding for these needs unmet by the national budget (needs estimated at USD100 million). Some donors, particularly from GCC countries, have already contributed to this fund. Finally, and this is significant progress, line ministries are now required to align their yearly and mid-term investment plans with the priorities that have been identified in the GODPs.

Efforts to establish participatory local development practices at the municipal level have been numerous over the last ten years, but they have lacked consistency and institutionalization, as they were mostly externally-driven by donors. About 31 *Municipal Development Plans*[208] were produced in the mid to late 2000’s and four City Development Strategies (CDS) were developed in 2011-2012. MOMA, which led the CDS exercise[209], plans to repeat this exercise with 11 additional Category A municipalities, pending donor support. LDUs in municipalities were established to ensure that municipalities can respond to local needs and increase their influence on the predominantly centrally-controlled planning and implementation in their territories. However, only about 40 municipal LDUs are said to be active, with the remaining LDUs suffering from an absence of qualified staff, or limited financial means for implementing local plans.

As Jordanian governorates usually consist of one large city (governorate capital) with a dominant political, social and economic influence over the rest of the governorate, there is some duplication of efforts exists between these different planning schemes, in particular GODPs and CDS’s. Furthermore, there is no solid justification for why every municipality in the country, especially smaller ones (categories C & D), need to have its own individual development plan; some degree of geographical aggregation for planning purposes would be beneficial. The multiplication of local development planning streams and initiatives is causing planning fatigue at municipal level – especially since such plans are usually barely funded afterwards. There is a clear need for a unified national local development planning framework, including procedures and tools that can be used in all parts of the country. There is also a need for linking Governorate LDUs and Municipal LDUs more strongly, and ensuring that the former provide more technical and resource mobilization support to the latter. Finally, in addition to developing integrated multi-year local development plans, municipalities

[206] The EU has pledged 4.5 m EUR for 2014 in support of the government’s decentralization strategy
[207] Law No. 13 of May 2011, amended in January 2012.
[208] Through the successive *Poverty Alleviation through Municipalities* (GTZ) and *Poverty Alleviation through Local Development* (EU) projects.
[209] With support from the WB and Cities Alliance (through the Regional and Local Development Programme)

have to produce yearly municipal work plans and budgets for MOMA's approval[210]. Neither these plans nor budgets are gender-sensitive, a practice that is only undertaken at the national level in Jordan.

When it comes to the *capacity of municipal administrations*, several recent situation analyses[211] paint a rather stark picture of a municipal sector in distress:

- Only a portion of the 29 functions assigned to Municipal Councils by law are routinely performed by municipalities. Approval ratings of municipal authorities are declining, resulting in further disconnect between municipalities and their local constituency, which can be one reason for the low turnout at the recent local elections.
- Municipalities have insufficient administrative and technical capacities, mostly due to patronage-based rather than merit-based hiring of municipal staff[212]. This has led to a bloated workforce with limited qualifications. Not all municipalities have organizational charts, job descriptions are rarely used, and management is concentrated in the hands of the Mayor with insufficient checks-and-balances by the Municipal Council. Financial management practices are basic, unreliable, lead to inefficiency in service delivery and funds management, and do not support accountability. MOMA is currently working regulatory framework for guiding municipalities in their administrative duties, while also upgrading information management systems for financial management.
- Municipalities often lack equipment, capacity and logistical means to ensure the delivery of municipal services and to maintain their existing assets. Some municipalities face shortage of transportation to conduct municipal work and have a limited budget for fuel.
- Municipalities suffer from severe financial distress. Salary spending consumes an excessive share of municipal budgets (60 per cent in average, but as high as 85 per cent in some locations), debt service has become unsustainable for many municipalities (26 per cent of their annual budget in 2009[213]) and the generation of revenue is constrained by legislation and vested interests[214]. All of this leaves municipal authorities with little, if any, investment capacity (60 per cent of municipalities did not invest in capital projects in 2009). See section 4.3.2 for more details on the state of municipal finances and impact of the Syrian crisis.

There are of course great disparities between regions and municipalities in terms of capacities and performance. The Greater Amman Municipality, which benefits from a unique legal status in the country, has made major strides in becoming a modern and efficient local authority more capable to answer its residents' needs. A few other municipalities have also benefitted from direct capacity-building support through donor-funded projects and have made progress. However, successful initiatives have yet to be scaled up to all municipalities. In spite of

Box 1 Quick capacity scans in three Northern municipalities affected by the Syrian refugee crisis
(from World Bank Rapid Assessment, 2013)

Greater Irbid municipality (Category A) comprises 23 sub-divisions that are covered each by a bureau of the municipality. Out of the total annual budget of JD25 million (2012), JD6 million (24 percent) goes into investments. The procurement directorate is composed of three departments (Goods, Works; Maintenance) comprising 10 staff and an engineer. Technical specifications are standardized because of the similarity in procured items and works, market research conducted to update prices. Electronic filing is maintained in parallel to hard copies (WB).

Greater Ramtha and Hosha municipalities (Category B and C respectively) had annual budgets of JD3.3 million and JD 0.86 million respectively in 2012. Both budgets financed only salaries. Procurement capacities are very weak. Records are kept in hard copies with no electronic filing (WB).

[210] Municipal budgets have to be approved by MOMA which limits the fiscal autonomy of municipalities.
[211] See in particular: *Brief note related to programming of the forthcoming Thematic Programme Civil Society Organisation and Local Authorities 2014-2020* (EU, 2013); *The Quest for Decentralizing Government in the Hashemite Kingdom of Jordan:Some Preliminary Findings of a Situation Analysis* (EU, 2011).
[212] National statistics show that 76% of municipal employees have not completed high-school.
[213] Against an international benchmark of 15% (EU, 2011).
[214] For example, in many municipalities, the rental value used for the calculation of property tax was not updated since 2002.

the closeness to citizens and their potential as spaces where local democracy could be entrenched, municipalities cannot meaningfully influence the allocation of national resources and boost local development from below if the enabling environment is not reformed.

The Law of Municipalities falls short of establishing viable institutionalized mechanisms for *citizen participation* in policy-making and in holding local authorities accountable, other than through regular elections. There are no strong incentives for a more inclusive, transparent and more accountable governance style by local officials. Participation schemes are usually donor-driven and there has been few efforts to develop a national policy in this area. However, the Greater Amman Municipality has set up neighbourhood committees, which it uses to consult with local residents, and increase their role in decision-making. Other large municipalities are trying to follow suit. This is an urgent undertaking, as surveys show that Jordanians are frustrated with the lack of institutionalized channels for participation in local decision-making[215]. Consequently, citizens engage in local governance mostly through CBOs and their tribal / community leadership. Insufficient attention is paid to the meaningful involvement of women and young people, although the recent establishment of a female quota for Municipal Councils is a definite step in the right direction. It remains to be seen whether female councillors will make municipal budgets more gender-sensitive and guarantee that women's needs and potentials are fully integrated into local development plans.

II. Impact Analysis

The Syrian refugee crisis has come to Jordan at a time when the local governance system was already struggling to overcome its structural challenges. The crisis can, however, help bring attention to some of the existing deficits and assist Jordan in capitalizing on it recent progress. It is still too early for a comprehensive understanding of the impact of the Syrian crisis on the local governance system. So far assessments have focused on assessing the impact in the two Northern governorates of Irbid and Mafraq, and there is insufficient data to get a clear picture of the effect of the crisis on the rest of the country's local governance system. Nevertheless, initial areas of concern have been identified. These require urgent action to help relieve the burden on municipalities, and draw renewed attention to the stalled decentralization process in the longer term.

1. **Heightened pressure on fragile municipalities to deliver more and better**: the sudden population influx has created additional pressures on municipalities, including municipal services, social services, housing markets, the local economy, and the social cohesion of communities. The arrival of large numbers of refugees has had a direct impact on municipal finances, staff, logistical assets, and leadership capacities. Administrations have put their electoral programmes aside in the face of an unfolding service delivery crisis, limiting their implementation of planned development programmes and potentially undermining the credibility of the newly elected municipal councils and mayors.

2. **Growing tensions at the state – society interface:** citizens in host communities have felt left out and neglected, and want to see a more prominent response to their own needs from state institutions and local authorities. This is particularly true in smaller communities where people consider that government and donor assistance prioritizes governorate centres and refugees. The longer the response will take, the more the confidence gap is likely to widen, according to a recent opinion poll[216]. This poll also indicated that a majority of Jordanians disapprove of continuing the policy of open reception of Syrian refugees (73 per cent in 2012, up 9 per cent since 2011) and that 87 per cent think that Syrians should be transferred to camps. Tensions are palpable in northern municipalities, where socio-economic problems created by the influx of refugees are the most acute, and are exacerbating already existing feelings of marginalization and vulnerabilities of the host communities.

[215] 49% are unsatisfied with local participation (Global Communities, January 2013).

[216] 60 percent of citizens consider that the government is doing all it can to provide needed services, down from 76% one year before. Figures are not available specifically for refugee-hosting areas (Amman Center for Strategic Studies, July 2013). .

This, combined with a general feeling that corruption remains widespread in public authorities (60 percent)[217] is threatening the social contract between state and society, and could affect local governance processes. So far, the interaction between the state and citizens at the local level remains mostly at the level of grievance handling; government and municipal authorities are not sufficiently client-oriented and existing mechanisms for social accountability are few.

3. **Contextual changes affecting sub-national development choices:** existing development plans and investment frameworks covering affected areas were developed prior to the mass arrival of refugees and do not factor in the Syrian refugee presence. Central and local authorities have not taken the initiative to adapt these plans to the deep contextual challenges unfolding in that region. Furthermore, the lack of sufficient financial resources for municipalities to cope with consequences of the crisis have resulted in some investment projects being paused[218] in order to release funds that can be redirected towards more immediate service delivery needs. In general, the sub-national planning and execution machinery is not set up to respond to crisis situations[219]. The political implications attached to adapting mid/long-term development to the presence of Syrian refugees are high. In the end, the nascent horizontal sub-national planning system could lose ground to more traditional vertical planning processes, in the absence of a strong planning and executive mandate (and capacities) given to governorates and municipalities to respond to crisis situations.

4. **Finding a strong institutional compact behind the decentralization reform:** uncertainty remains on the end goal and purpose of the decentralization reform that was initiated in 2005. A shared vision on the level and modalities of the transfer of power and competencies to sub-national levels is missing. However, yet another attempt at reforming the Law of Municipalities to increase the role of municipalities in service delivery is under way by MOMA. With the Syrian refugee crisis, the tension between decentralization and centralization dynamics, which already existed, has been heightened because of the urgency to have a rapid executive response to the pressing needs of host communities. The recent decision by the Government to seek additional fiscal resources for affected municipalities[220], and the commitments from MOI and MOMA to continue building capacities of LDU in governorates and municipalities are a positive sign. Municipalities in the north have underlined the positive role played by Governors so far in advocating with central government for more direct support. Nevertheless, critical decisions on the future shape of sub-national governance arrangements remain to be taken, and long-delayed policy choices on decentralization reform could be further derailed by the Syrian crisis.

Building resilience of the local governance system, i.e. allowing it to respond effectively to the negative impacts of the Syrian crisis, while at the same time playing its role as the engine of local development, faces a number of specific challenges:

- Uncertainties in planning parameters regarding the number and distribution of current and future Syrian refugees;
- Limited coordination of vertical and horizontal planning and service delivery chains;
- Weak municipal sector for service delivery and project execution, with serious efficiency leaks;
- Lack of mechanisms to coordinate external actors at the local level;
- High expectations in host communities but low confidence in public institutions and limited participation;
- Lack of real-time monitoring tools of the local governance system to allow tailoring the response to needs on the ground;
- Overall disenabling legal and institutional environment for a rapid localized and local-driven response.

[217] Center for Strategic Studies, July 2013
[218] Only anecdotal evidence of this was reported to the assessment team, financial figures evidencing this trend could not be accessed. However, this would be a logical outcome based on precedent experiences in Jordan with economic slowdowns.
[219] For example, Mafraq Governorate Executive Council has not produced a short-term integrated response plan to mitigate the impact of the refugee crisis. Those efforts are steered from the central level only.
[220] See agreement signed on 28/10/13 with the World Bank for an "Emergency Services and Social Resilience Project".

Enhanced external support, more robust systems of accountability, and an enhanced enabling environment would better enable governorates and municipalities in areas affected by the Syrian crisis. This would help local institutions respond to the needs, priorities and grievances of their citizens, CSOs and the private sector, and help them to mitigate the immediate and long-term impact of the crisis, while building resilience against future shocks.

III. Response Options

A first set of possible priorities to support the local governance system in growing more resilient while meeting expectations of host communities is listed below. The emphasis should be put on boosting municipal capacities to face the unfolding service delivery crisis and implement strategic cohesion-building activities. However, due attention must also be given to addressing structural issues of capacity and disenabling environment that limits the responsiveness and resilience of the local governance system to external shocks.

Short-term Response Framework

1. Fiscal transfers to municipalities to scale up service delivery: more financial resources need to be transferred to municipalities, through government systems or through parallel block grants. Such support needs to be flexible, with minimal earmarking, but with restrictions on the types of expenditures, and accompanied by tailored technical assistance to reduce efficiency leaks and increase accountability. Financial transfers should concentrate on essential services (SWM, road maintenance, street lighting, etc.) and on social activities that can help ease social tension.

2. Targeted capacity development of municipalities and governorates for information management, evidence-based planning, donor coordination and strategic communications: these are skills that are absolutely essential to enable the leadership of local governance actors in efficient crisis response. As the need of host communities will fluctuate depending on refugee movements, strong real-time monitoring systems are needed. LDUs, at both governorate and municipal levels, will be at the centre of the crisis response machinery. They need training and technical assistance, and probably additional staffing in some technical areas. Better coordination among these actors is also needed. Municipal Councils, mayors and governors need to be the public face of the government's response and reach out more effectively to their clients (both host communities and urban Syrian refugees) and need support in community relations and strategic communications.

3. Rapid participatory planning capacity at community level: broader local development processes are slowly being institutionalized by the government (GDPs, CDS, etc.) and will need alignment to the new context (see below). In the meantime, there is a need to immediately involve local host communities in prioritizing service delivery and economic development needs, in direct relation to the impact of the current crisis situation. This should be done as short-term planning exercise (one – two years at most) that remains focused on alleviating more acute pressures, and that follows a crisis-sensitive approach and social cohesion-building approach. Municipalities will need strong backing to design and lead participatory processes. CSOs/CBOs will also have to receive technical support as they are essential channels of citizen participation and social accountability in crisis contexts.

Mid to Long-Term Response Framework

4. Revision and/or completion of local development planning frameworks: the length of the crisis, and possible increase in refugee arrivals, calls for a review of existing Governorate Development Plans and CDS' for the most affected Governorates/ Cities, to adapt their priorities to the new context. Priority should be given to support MOMA to complete the CDS process for Irbid and Ramtha. Once re-validated and adapted, local development priorities will receive funding through existing investment funding frameworks such as the Governorate Development Fund.

5. Continue developing the core capacities of local governments: efforts of the government to strengthen municipal management capacities to prepare them for a more prominent role as engines of local development need to be kept on track and augmented. Governorate administrations and municipalities of host areas should be prioritized. Improving municipal financial management systems should be a priority area, which will require updating the regulatory framework and ICT infrastructure[221]. Goals, priority areas, methods and impact indicators for strengthening capacities of sub-national actors need to be standardized across all programmes, and be integrated in a national agenda for sub-national capacity building.

6. Increasing the level of emergency preparedness and response of the local governance system, beginning in currently affected areas and gradually expanded to more regions, in order to increase institutional and community resilience to exogenous shocks. A capacity audit of current systems and capacities needs to be conducted before upgrades to existing emergency preparedness plans can be proposed. Capacity development interventions should target communities and officials (participating municipalities, governorates, MOI, MOMA and MOPIC)[222].

7. Using lessons learned from the crisis response to shape the decentralization process: the Syrian crisis and its impact on the local governance systems is a stark reminder of the persistent and widening divide between national and local governance systems and capacities in Jordan. While the risk of pushing through with more decentralization in times of crisis needs to be carefully weighed, policy makers also need to reflect on the extra fiscal, economic, social and political costs of having a local governance system with a low resilience level. MOMA's efforts in preparing a new Law of Municipalities should be supported, ensuring the participation of local governance actors, in particular those in host communities. Such engagement is crucial to tackle the current limitations in the legal framework and to bring about the changes that will ensure stronger resilience of the local governance system against possible future shocks.

Government and donor support to the local governance sector prior to the Syrian refugee crisis was significant and spread out over a number of critical areas. This included decentralization policy reform, local development planning processes, local economic development, capacity development in governorates and municipalities, fiscal decentralization, community participation and so forth. Table 14 provides a list of the main on-going programmes and projects that support local governance strengthening, with no specific focus on the Syrian crisis. If adjusted to the new conditions, refocused on heavily affected areas, and scaled up where necessary, these programmes are appropriate channels to respond to the current impact of the refugee crisis,.

[221] MOMA has started updating the ICT infrastructure for the municipal financial management system but needs additional funding (3 m JOD) to roll it out all over the country.

[222] The audit is part of the WB's *Emergency Services and Social Resilience Project* launched in October 2013.

Table 16 On-going Government and Donor Support to the Local Governance Sector (2013)

Donor	Programme\ Project\ Areas of support
MoPIC and MoI	Governorate Development Programme, Local Development Units
MoMA	Regional and Local Development Programme (incl. City Development Strategies) Citizen Participation ("My municipality grows with my participation")
UNDP	Fiscal Decentralization (Property Tax)
UNHABITAT	Urban observatories, capacity building for participatory urban planning
WB	Regional and Local Development Programme, Support to MSMEs
AFD	Regional and Local Development, and supporting Microfinance Sector
USAID	Competitiveness, Fiscal Decentralization, Community Empowerment
EU	Baladyati (capacity-building of municipalities), PLEDJ (local economic development), Support to civil society institutions
Spain	Fiscal Decentralization, SME Strategy (with JEDCO)
GIZ	Fiscal Decentralization (with Spain)
KFW	Supporting Microfinance Sector
JICA	Training and capacity building programmes and courses
KOICA	Training and capacity building programmes and courses
Denmark	Decentralization and Municipal Governance

Source: MOPIC, 2012 and UNDP 2012

In addition, a few new programmes supported by donors are being launched specifically to address the impact in host communities, such as UNDP's Host Communities Programme Framework, and the World Bank's Emergency Services & Social Resilience Project.

Table 17 Government and Donor Support to Local Governance in Host Communities (2013)

Donor	Program\ Project\ Areas of support	Status	Amount (USD)	Locations
MoMA/ Japan	Emergency Support Project for Host Communities: SWM equipment and construction materials	Funded	10 m	Tbc
MoMA/ WB/ Canada	Emergency Services and Social Resilience Project: budget support to municipalities, capacity building, community participation and social cohesion	Funded	53 m	9 municipalities in Irbid & Mafraq
MoPIC/ WB	Emergency Procurement of SWM equipment for affected municipalities (under RLDP)	Funded	2 m	Tbc
MOPIC/ MOMA UNDP	Host Communities Program: institutional coordination, municipal services, livelihoods, community participation and social cohesion, capacity-building	Partially funded	28 m	15 municipalities in Irbid & Mafraq

The Government is also preparing to launch projects in the area of municipal services, capacity development and decentralization reform that can contribute to a comprehensive response package for local governance institutions in host communities, and help build long-term resilience.

Table 18: Planned Government and Donor Support to the Local Governance Sector (2013)

Donor	Programme\ Project\ Areas of support	Status	Amount (USD)
MOMA	Support to Solid Waste Management Sector (national strategy and logistical support to municipalities)	Unfunded	60 m
MOMA	Support to municipal infrastructure (roads, etc.)	Unfunded	71 m
MOMA	Slaughterhouse Improvement Project	Unfunded	7 m
MOMA	Landfill Upgrading Project	Unfunded	21.4 m
MOMA	Municipal Financial Management Project	Unfunded	14.3 m
MOMA EU	Support to the decentralization reform	Funded	6 m

Source: MoMA, 2013 and UNDP 2013

4.2 Municipal Finances[223]

Jordanian municipalities face serious constraints with respect to financing, which impedes their role in the process of decentralization, and their responsiveness to the current refugee crisis in the north.

I. Pre-crisis Situation

The impact of the refugee crisis on municipal finances is considered at the level of municipal income and expenditures.

Income: Municipalities in Jordan have three main sources of income to fulfil their assigned tasks and responsibilities: own revenues, governmental transfers and loans.

Table 19 Municipal Income in Jordan

Type	Description
Own-revenues	**Property Tax:** 7 per cent of the annual rental value of a building and 5 per cent of the annual rental value of a land. The collection of this tax is totally decentralized to municipalities since 2011.
	Fees & User Charges: Business licensing, Building & construction licensing, Solid waste user charges, Street paving & sidewalks, Market regulation, Other fees (street lightening, advertisement, slaughtering, parking lot, etc.)
	Investments: Leasing & rents, income-generating projects, interests on municipal capital, financial investments
Governmental Transfers	Sum of an 8% tax on the refined petroleum products, 40 per cent of the tax on purchase of vehicles, and the proceeds of the road traffic fines.
Borrowing	From the Cities & Villages Development Bank (CVDB), for either a) long-term loans for capital infrastructure or investment projects or b) short-term loans for emergency or priority needs

Municipal income is low in Jordan[224]. Some municipalities do not collect revenue at all. Taxation remains centralized, and rates and bases for all revenue sources are delineated by the central government, often combined with weak enforcement

[223] Updated, complete and reliable data on municipal finances issued by MOMA cover only the period up to 2009. Figures presented in this report for fiscal years 2012, 2013 & 2014 are based on budget estimates provided by MOMA or obtained directly from municipalities. They need to be taken cautiously.
[224] On average, in 2009, only about 23 JOD per capita was collected (Source: EU, 2013).

The transfer system is unpredictable and insufficiently transparent. For example, by October 2013, the government had not yet transferred the full amount of the tax collected on fuel products[225]. There was no clarity as to whether the full amount was actually collected, or on whether the balance will be transferred before the end of the year. Transfers are based on a complex formula, which take fiscal capacity and revenue disparities among municipalities into consideration. A new transfer formula meant to allow better equalization between regions and increase transparency of the system will be tested in 2014 by the Government.

Debt service is skyrocketing. Debt service was at 26 per cent in 2009 (most countries would consider 20 per cent an absolute limit). Two thirds of all municipalities are above a reasonable international benchmark of 15 per cent. However, municipalities in Jordan have noticeable spending flexibility. The system of intergovernmental transfer indicates that the budget constraints imposed on municipalities are soft, which may result in understated local revenues and incentives for running local budget deficits.

Box 2 Municipal Employment

The central government plays a significant role in municipal human resource management: key personnel decisions (hiring, promotion and dismissal, compensation system) falls under the responsibility of MOMA. Restrictions are placed on joint activities among municipalities and on partnerships with the private sector. The new Law of 2011 added a Managing Director appointed by MOMA in each municipality who should, in theory, limit the power of the mayor over such things as hiring.

Municipalities remain an important employer in the country and the number of their employees has been steadily rising over the years; due to *social and cultural pressures, new elected municipal councils find themselves under pressure to increase the number of employees.*

Expenditures: By law, municipalities are required to prepare an annual budget, adopt it, and send it to MOMA for approval. Current spending as a share of municipal budgets is high – 68 per cent on average (2009) and 45 per cent of all municipalities are above that average with some municipalities going as high as 90 per cent. The *wage bill* remains the biggest item on the list of expenditures (about 60 per cent in 2009), but staff costs vary significantly for municipalities of similar size[226]. Payroll per capita is higher the smaller the municipality.

Investment expenditures reached USD20 million (USD4 per capita) in 2009 and represented 22 per cent of the total expenditures of municipalities. Given the squeeze between current spending on one hand and debt service on the other, most municipalities have stopped investing altogether. In 2009, almost 70 per cent of all municipalities spent less than one per cent of their budget on investment. 60 per cent did not invest at all.

II. Impact Analysis

According to a recent report released by MOPIC[227], the annual cost to provide for municipal needs is estimated at USD176.4 million, equivalent to USD115.8 per capita. Based on the presence of over 350 thousand Syrians outside of camps in the northern governorates by mid-2013, the *extra cost incurred for municipal finances is estimated to reach around USD40.5 million by the end of 2013***.** Further analysis of past municipal budgets is needed to understand the split of municipal funds between service lines and evaluate the needs and funding gaps of each. The financial burden on municipalities for 2014 will likely be even higher, expectedly over USD50 million (by comparison, central government transfers have reached USD80 million in 2013).

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[225] Transfer of USD80 million according to MOMA against an estimated USD260 million in tax fuel proceeds for that same year.
[226] Payroll may vary by a factor of 4 to 5 for municipalities with the same number of inhabitants.
[227] *Impact of Hosting Syrian Refugees*, MoPIC, October 2013.

In order to better understand the actual impact of the refugee crisis on municipal finances, the assessment team analysed municipal budget estimates for Irbid & Mafraq governorates provided by MOMA for the years 2012, 2013 & 2014[228], as well as recent figures on property tax collection provided by Ministry of Finance (MOF). These figures are provisional, as reports of actual incomes and expenses for the years considered were not available yet. Trends measured over only three fiscal years need to be taken cautiously and attribution to a potential impact of the refugee crisis cannot be ascertained.

Impact on municipal income[229]

Figure 23 Income Change (FY2012-FY2013) in Number of Municipalities

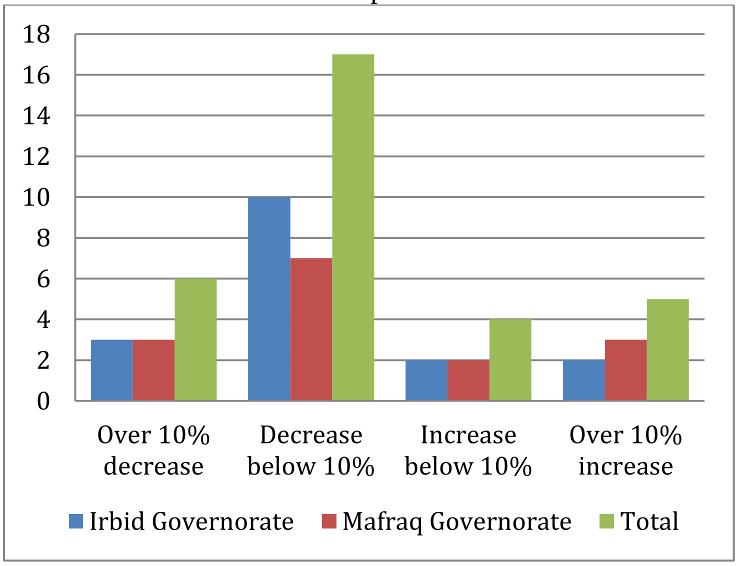
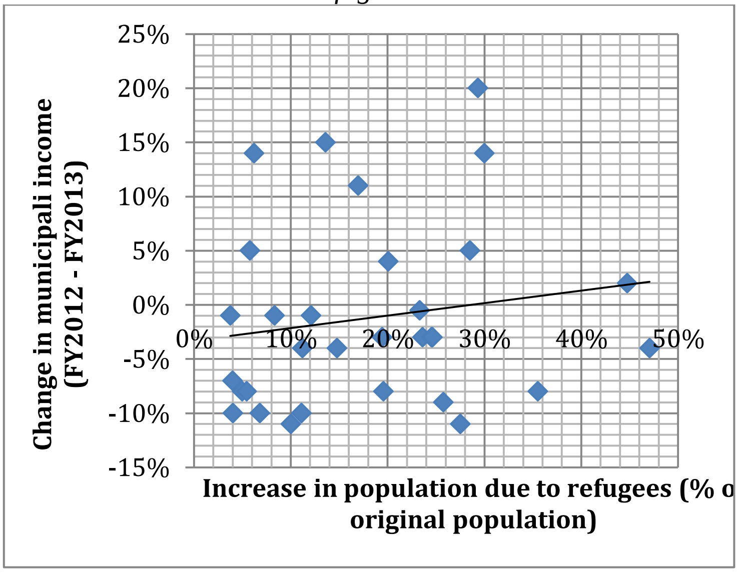


***Figure 24** Correlation Between Income Change and Per cent Refugees[230]*



The above figures indicate two important trends:

- Municipal income in the areas more at risk has decreased for the majority of municipalities (72 per cent) at a time when their needs are soaring fast. The global decrease for this region is -2 per cent from FY2012 to FY2013, but with high variability between municipalities (from -18% to +20%).
- There is only a weak correlation between refugee numbers, and trends in municipal income. This could show that the refugee presence only has a marginal impact, though slightly positive, on the generation of own-revenues, but also that government transfers have not been adjusted so far to meet increased needs of host municipalities.

Below are some of the possible explanations for why an increase in population has not translated into increased municipal revenues:

- **Property Tax**: criteria used for property and land appraisals are out-dated and do not reflect today's property market in Jordan[231]. Nevertheless, the decision to do new appraisals for whole or specific parts of a municipality rests with the municipality. Since the property tax is based on the rent value of a building (or land), one would expect that in municipalities hosting large number of refugees, where rents are said to have soared by as much as 300 per cent to 400 per cent in less than two years, municipalities could increase their income by updating appraisal values. Yet, they

[228] 2014 figures available for expenditures only and for 21 out of 36 municipalities
[229] Based on a sample of 32 municipalities from Irbid & Mafraq Governorates.
[230] Excluding Mafraq city to avoid distortion (increase of population by 128% and decrease of municipal income by 18 percent).
[231] These criteria are being revised as this report is written but the impact of the amendments will only be felt in 2014.

would face strong opposition from building owners if doing so, as they will argue that the rent increase is temporary and does not reflect the real long-term market value of their property. Furthermore, collection levels of property tax by municipalities are notoriously low[232], as the result of a combination of factors including poor management practices, badly trained and poorly motivated staff, lack of resources, lack of a collection mentality and a body of taxpayers that are reluctant to pay[233].

- **Licensing Fees:** new developments triggered by the population increase are generating revenues for municipalities through licensing fees, but building fees only account for respectively 3 and 7 per cent of municipal income in Irbid & Mafraq governorates, and are mainly collected in large cities. In any case, any incremental income coming from the building boom for municipalities is far outstripped by the costs associated with servicing these new developments. As for the business-licensing fee (1-2 per cent of own revenues), the number of new Syrian-run businesses acquiring licenses is not significant compared to new Jordanian businesses[234]. This can be explained by the fact that the great majority of new Syrian businesses are in the informal sector.
- **Solid Waste Fees:** this is the only fee that should normally react in a linear fashion to the presence of Syrian refugees. Yet, the impact here is minimal given the high density of Syrian households (often more 10 persons or more per housing unit) and the fee level (JD2/month). This cannot offset the additional costs for providing this essential service.

Impact on Municipal Expenditures

Data on estimated municipal expenditures for FY 2012 and FY 2014 for 21 municipalities were used to verify the impact of the refugee crisis on municipal expenditures. FY2014 figures are budget proposals recently approved by MoMA and not all municipalities in Irbid and Mafraq governorates had finished negotiating their 2014 budgets at the time of this assessment. Another caveat is that municipalities in 2012 might have shifted expenditures between capital and current budget categories, or between budget lines within the current expenditures category, without this appearing in the data set that was analysed (as these are estimates and not financial reports).

Figure 25 Change in Current Expenditures (FY2012-FY2014) in Number of Municipalities

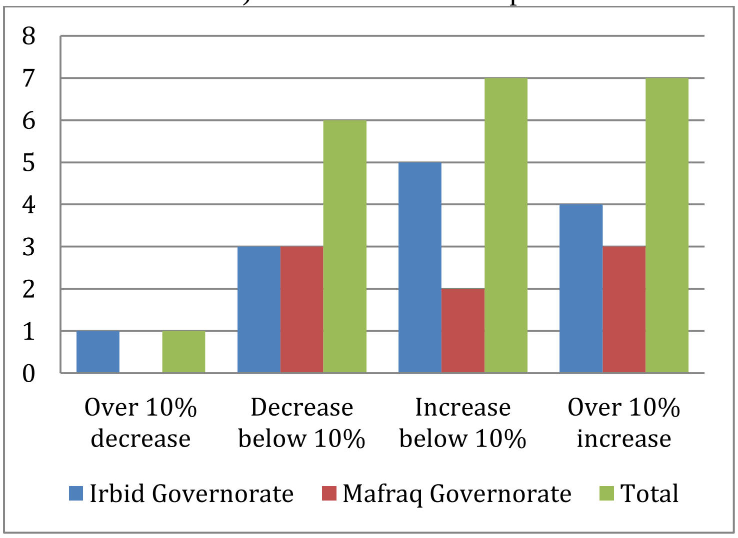
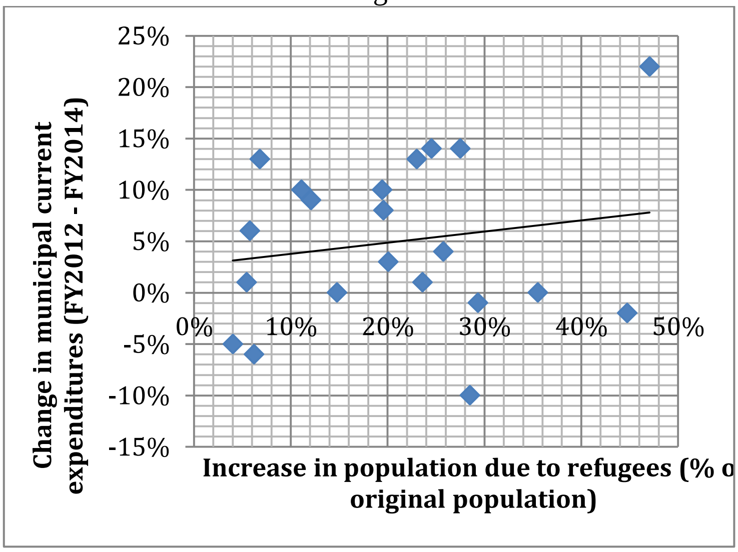


Figure 26 Correlation Between Expenditure and Percent Refugees



With necessary precaution due to the limitations in available data sets, the above figures indicate the following:

[232] As a proof of the low performance of this sector, in Jordan, total amount of collected property tax equals 0.03 percent of GDP, while the average value for developing countries is 0.50 percent (World Bank, 2010).
[233] Source: "Support to the Jordanian Ministry of Finance on Property Tax Institutionalization", UNDP 2011.
[234] Irbid Municipality mentioned that only 70 new Syrian businesses were licensed in 2013 against 13 thousand Jordanian ones.

- Current expenditures increased in the majority (67 per cent) of the 21 municipalities reviewed in Irbid & Mafraq governorates between FY2012 & FY2014. Total volume also increased, by a modest 6 per cent[235]. There are large disparities between municipalities (from +22 per cent increase to -10 per cent decrease).
- There does not seem to be a strong correlation between the number of refugees hosted by a community, and changes in current expenditures between 2012 and 2013. Certain municipalities among the most affected municipalities, such as Ramtha Al Jedida (+47% population increase) have significantly increased their current expenditures plan, while others, with similar increases, have contracted their expenditures (e.g. Serhan where refugees increase the total population by 45% but current expenditures in 2014 are 2% lower than in 2012).
- The share of salaries in municipal current expenditures has not significantly changed between the two years considered (1% in average).

Even if these figures might change on the basis of actual expenditures reports, it is plausible that the increase in refugee population in northern municipalities has not translated into a systematic increase in recurrent expenditures in host community municipalities, because: (i) they *do not have the capacity* to meaningfully increase their own-revenues, (ii) central government allocations are not strongly correlated to population figures, (iii) most municipalities are already too indebted to borrow more. Municipalities that have been able to adapt the level of their current expenditures to the increased demand for services could do this by shifting funds earmarked for investment projects into recurrent costs for service delivery. Smaller municipalities usually do not have investment budgets they can tap to prop up their budget. Finally, the high discrepancies in the impact of the crisis on municipal current expenditures regardless of the refugee numbers they are hosting, suggests that not all municipalities are equal in negotiating central government support and/or loan conditions and that central government still has to adopt a uniform policy in terms of supplementary budget support to affected municipalities in this time of crisis.

This rapid analysis of the impact of the crisis on municipal finances shows that municipal services are being hard hit by the crisis, and that delivery performance is decreasing fast. The situation could unravel faster than expected if the refugee population continues to increase while municipal fiscal resources continue being given limited priority in the government's reform agenda.

IV. Response Options

Short-term

The first immediate response needed is to **increase fiscal transfers**. This can be done by central government through an increase in the share of the fuel tax that is effectively transferred to municipalities – as should happen in 2014 with an estimated 120-130 m USD pledged by MOMA for municipalities. Donor support in the form of block grants to municipalities is also required in the short-term to fill the wide funding gaps created by the crisis.

Other measures, such as **rescheduling loan repayments** and **shifting funds from investment to recurrent budgets** can also be taken in the short term, but these could threaten development of local host communities in the long term.

Long-term

Other structural measures need to be taken rapidly as the prospect of a prolonged presence of refugees is very real, while the guarantee of supplementary fiscal transfers to municipalities from donor and/or central government is unsure. These measures fall into four categories:

[235] 7% in Irbid Governorate and 3% in Mafraq Governorate

1. Ensure the continuous transfer of the full amount of central government subsidies for municipalities, in particular the fuel tax, as per a new, more equitable and transparent formula. The Government should strive to reach full 100% transfer of collected taxes and fees from 2015 onwards.

2. Increasing volumes of local revenue generation, in particular the property tax. It is urgent to legislate and apply policy measures that will give greater financial capacity to municipalities, a prerequisite to building a more resilient local governance system. Special safety net measures will have to be taken to avoid that an increase in property tax, in line with current property market values, increase the cost of housing for the most vulnerable social categories. Efforts should be made on the regulatory side to gradually increase certain service delivery fees, such as in SWM, to be in line with the actual costs of service provision and better reflect social equity (e.g. differential rates of residential, commercial and industrial users).

3. Increasing the efficiency of municipal administrative and service delivery processes to improve overall service delivery and investment for local development. Scarce financial resources are not managed with sufficient efficiency and accountability. MOMA is preparing to roll out a capacity development and IT upgrading programme to improve financial management in Jordanian municipalities. This should be supported by donors as a matter of priority, with a focus on the northern governorates in a first phase. Inter-municipal ventures for service delivery, and public-private partnerships should also be promoted (after needed regulatory reforms to facilitate their creation). Improvements in technical processes of service delivery, such as Solid Waste Management (SWM), are also urgently needed.

4. Increasing fiscal decentralization, by removing excessive control over municipal budgeting and expenditures by MOMA, without sacrificing transparency and accountability in public financial management. Increased independence in managing budgets is needed to build greater responsiveness to crisis situations.

4.3. Delivery of Essential Municipal Services

According to a recent survey among all 36 municipalities in Irbid and Mafraq governorates, the following urban services (outside of social services) were cited as the most affected by the refugees' presence: 1. solid waste management, 2. water supply, 3. Infrastructure, in particular road maintenance and street lighting, and 4. sanitation. The increased demand for housing has led to a boom in new constructions, which has resulted in the establishment of new neighbourhoods in need of roads, street lighting, and connection to services. In the survey, municipalities expressed their intention to support local livelihoods as part of their general local economic development mandate to alleviate the economic impact of the crisis on host communities[236].

Services can be impacted directly by the crisis, when increased demand exceeds the delivery capacity and/or because municipalities have to re-assign their budgets to focus on more essential ones, depriving other services of needed resources. Planned capital expenditures have can also be diverted towards the immediate operating costs of municipalities, potentially compromising the country's national development outcomes.

The sections below focus first on solid waste management, where the most data is available, and then on other municipal services that are also significantly impacted by the crisis.

[236] Immediate impact on and needs for livelihood support are discussed under chapter 4.2 of this report while longer-term impact on institutional processes promoting local economic development is addressed in section 4.3.4.

4.3.1 Solid Waste Management

I. Pre-crisis Situation

In Jordan, around 2.13 million tons of waste was produced in 2012 compared to 1.96 million tons in 2010, increasing by around 4.3 per cent per year[237]. Around 52% of the solid waste was organic, and the per capita waste generation in Jordan was estimated at 0.9kg per day. Disposal of most of the waste occurs in 20 landfill sites or open dumpsites. Only a handful of these sites have proper lining and gas collection systems or bioreactors[238]. Sludge and olive waste are the most critical type of waste. Besides polluting the environment, this type of waste represents a major health hazard for people in neighbouring localities.

The Ministry of Environment is responsible for policy and planning in the SWM sector, while actual waste collection and disposal are performed by municipalities, and disposal sites are managed by Joint Service Councils (JSC). Municipalities do not have sufficient funds to invest in more efficient management systems; nor are they encouraged by existing policy frameworks to improve their systems. For example, there are currently no operational guidelines for storage, transport and segregation of waste for municipalities and JSC's. MOMA offers low interest loans for municipal activities, including SWM, via the Cities and Village Development Bank. Fees collected from users for this service are flat fees and differ between municipalities based on their category; they are collected as monthly supplement to the electricity bill and are generally around JD1-2, which covers less than 50 per cent of service costs in municipalities outside of Amman[239]. Consequently, SWM is a service that is heavily subsidized from municipal budgets. Similarly, there are no fees for garbage dumping in municipal sites, and costing is done by estimation and not by weighing.

Recycling happens but is done mostly informally by scavengers on open dumpsites, and only in rare occasions by small private enterprises that sell recycled by-products. Some JSCs started conducting resource recovery activities, as for example at the Alakeeder landfill site in Northern Jordan (the second largest open landfill in the country), through a private contractor. Organized composting is rarely undertaken at the governorate level, but with the high amount of organic material in waste, biogas could be used as an alternative source of energy to generate electricity and heat.

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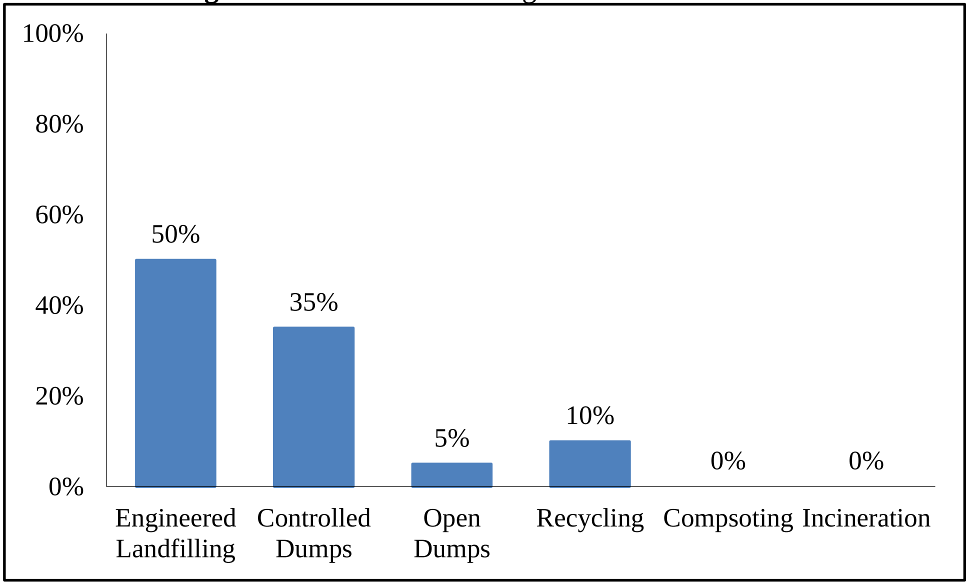
[237] Country Report on the Solid Waste Management in Jordan, Sweep Net, 2012.
[238] Ghabawi landfill in Mafraq, is the main disposal site in the country and has gas collection and lining; Russifa landfill has a bioreactor but not proper lining.
[239] Sweep Net 2012.

Figure 27 Solid Waste Management Paths in Jordan



Source: (2010, adapted from SweepNet)

SWM is linked to population and economic growth rates and affects the overall development and quality of life in the country. Low levels of awareness result in an increase in the amounts of waste produced. In a country like Jordan with serious financial challenges, the increase in solid waste volumes is definitely a burden as the costs of transport, transfer, treatment and disposal of different types of solid waste have increased significantly while the service remains heavily subsidized.

The Jordanian National Agenda (2006-2015) identified the need for an integrated SWM hierarchy, improved collection coverage, capacity development of solid waste staff, and to establish incentives for private sector participation in the solid waste management process.

II. Impact Analysis

The number of Syrian refugees residing outside of camps in Jordanian municipalities adds additional pressure on municipalities already struggling to provide essential services to their constituents. In SWM alone, the influx of refugees means in principle an increase of 340 tons of waste to dispose of daily[240]. The cases of Mafraq and Irbid municipalities, presented in Box 3, illustrate the magnitude of the problems faced.

The difficult SWM situation faced by host communities is an "old new" problem. In many cases, SWM capacity was already exceeded (due to increase in local population and upgraded lifestyles over the years), while logistical means are out-dated and insufficient, financial means overwhelmed by the increase in fuel cost, and technical processes inefficient – and environmentally not sustainable.

[240] Source:" The Syrian crisis: Implications for development indicators and development planning in Jordan", UNDP, 2013.

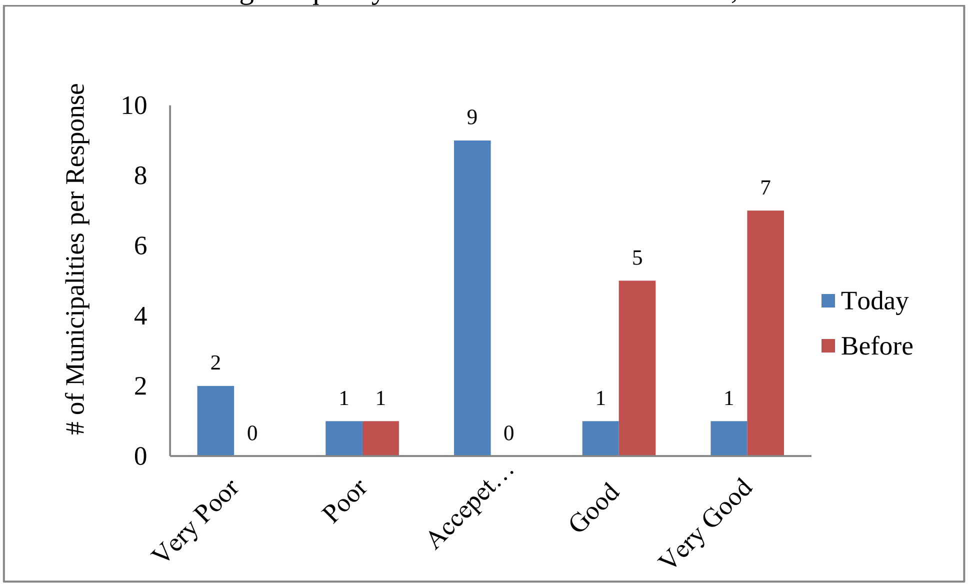
Box 3 The Solid Waste Management crisis in Mafraq and Irbid municipalities
Greater Mafraq:

An additional volume of almost 80-90 tons per day needs to be collected, bringing the total daily waste tonnage up to 200-250 tons, exceeding collection capacity. Garbage used to be collected on a daily basis (twice daily inside the city of Mafraq) according to fixed routes and a schedule, using assets comprising of seven compressors, two rollers and 115 staff and wheelbarrows. Most of the containers for rubbish are old and have not been maintained. The city of Mafraq now spends approximately 18 percent of its budget on waste management excluding salary costs; resources are not sufficient for the extension of this service to all municipal residents and to maintain regular and quality service to those already serviced. Due to the municipality's inability to cope with the increased waste, illegal dumping, inappropriate disposal and burning of waste which contribute to water, soil and air pollution, has increased. Recently, the municipality had to request help from the army to deal with the garbage crisis.

Greater Irbid: daily waste collection used to be 300 tons, after the Syrian influx it increased to 500 tons. Garbage is normally collected twice daily inside the city by compressors and/or vans with a capacity of 1 to 3 tons each, before being transferred to compressors with 9-12 ton capacity and transported to one of the three landfills (Al Sari, Toqboi and Alakeeder). The municipality has had to increase the frequency of collection with the same resources in terms of equipment and labour. The waste is not separated anymore before being dumped, although informal scavengers collect the plastic and sell it to a local firm which recycles. The firm estimated that it receives 100 tons of plastic a month.

Source: UNDP, 2013.

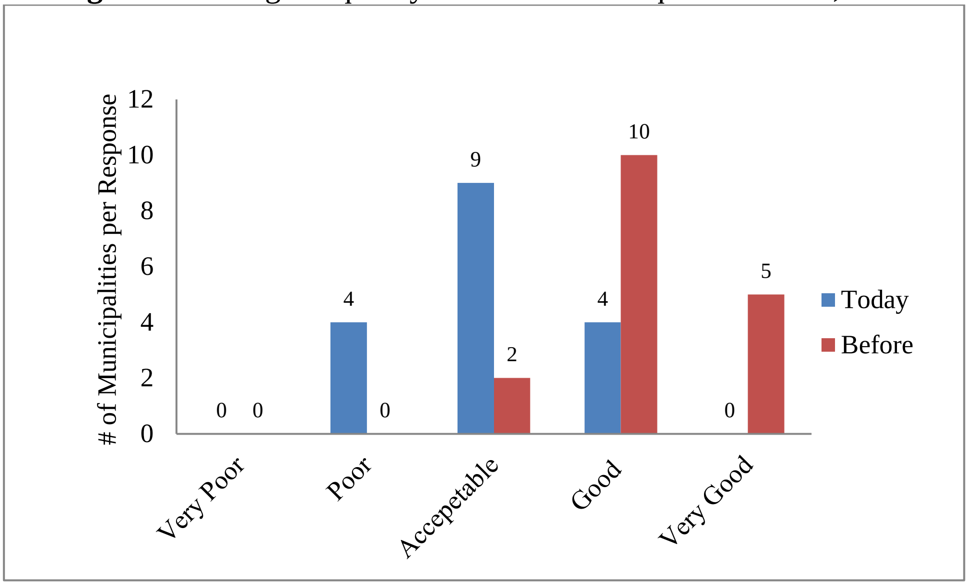
Figure 28 Change in quality of SWM - Irbid Governorate, 2013[241]



Source: results of UNDP surveys of municipalities in Irbid & Mafraq Governorate, Sep 2013

[241] Based on questionnaires filled by staff and councillors in 36 municipalities in Sep 2013 (UNDP)

Figure 29 Change in quality of SWM - Mafraq Governorate, 2013



Source: results of UNDP surveys of municipalities in Irbid & Mafraq Governorate, Sep 2013.

Municipalities and Joint Service Councils face a **severe shortage of equipment.** Over-usage of assets results in higher maintenance costs and accelerates the depreciation of equipment. MoMA is in the process of compiling a list of additional equipment needed to maintain SWM services at pre-crisis levels in the affected governorates of Irbid and Mafraq, based on requests from each municipality.

Municipalities also face a *shortage of labour* to face the surge in solid waste production, a problem, which is compounded by the low productivity of the existing labour force (mostly immigrant workers). While municipalities are reported to re-assign funds in their budgets to hire more SWM workers and increase collection shifts, their overall difficult financial situation limits their capacity to do so and they are requesting financial support to hire more[242]. Also, increasing the number of workers without additional equipment and following the same low efficient SWM system only has marginal impact in terms of added delivery.

In addition to the municipal SWM challenge, Jordan produces considerable amounts of *agricultural and animal waste***,** exceeding 1.56 million tons/year, of which only one third is used as fertilizer. While it is too early to make a link between the increased population due to Syrian refugees and a possible increase in the production of agricultural waste, any attempt at reforming in depth SWM capacities in Jordan should include agricultural waste management. This way, an integrated treatment and management approach can support national objectives of sustainable development, reduce the cost associated with waste treatment, improve public health and enhance the environmental protection.

Donor and government support to the SWM crisis in the North is about to be deployed: Two main interventions are currently under preparation: through the *Emergency Services and Social Resilience Project* (JESSRP), and the "*Mitigating the impact of the Syrian refugee crisis on Jordanian vulnerable host communities*".

JESSRP will provide emergency grants to an initial group of nine most affected municipalities in the north for a total of 50 m USD. These grants can, among other things, be use to solve some of the pressing SWM issues. The "*Mitigating the impact of the Syrian refugee crisis on Jordanian vulnerable host communities*" project will provide direct support to 15 municipalities in Irbid and Mafraq to devise and implement more efficient and environment-friendly SWM plans, contingent on funding.

[242] Out 36 municipalities in Irbid and Mafraq surveyed by UNDP, 28 asked for additional workers (100 to 200% workforce increase).

III. Response Options

Beyond immediate needs for equipment, labour and finances, a challenge will be to provide *sustainable solutions to the long-known SWM problem in Jordan in a context of crisis*. It is essential that the emergency assistance that is provided to municipalities in the current context complements governmental policies and plans in this sector, as highlighted in the National Agenda. This may include sustainable solutions for improvement of SWM, linked to rapid employment schemes. Producing by-products that can be sold to international markets can provide profitability from the waste, if properly managed. Besides immediate service delivery and income-generating opportunities, support to the waste management sector should also have a beneficial impact on social cohesion amongst the host and refugee communities (e.g. among workers involved but also through community-led planning and prioritization of neighbourhood sanitation activities and revitalization), support conflict resolution and remove accumulated waste that is hampering development efforts. The following approach is recommended:

1. Provide immediate financial support and equipment to municipalities, so that they can act quickly on reducing the amount of uncollected solid waste. This is also a necessary confidence-building measure.

2. Develop improved SWM plans at municipal levels: involving the design of an SWM cycle (collection, transfer, landfills, recycle and re-use). The aim is to increase effectiveness and reliability of services and cost-recovery; it will involve revising delivery points, collection routes, transfer and recycling opportunities, pollution-control measures, etc.

3. Implement improved SWM plans including equipment support & funding of labour-intensive recycling activities: additional equipment and training will be needed to introduce the upgraded SWM plans in pilot municipalities. In order to address urgent livelihoods issues, cash-for-work modalities can be used for sorting, picking-up, handling, transportation, and reusing/recycling. The participation of women, youth, and other vulnerable groups should be promoted in the reusing/recycling process. Whereas waste picking can expose women to threats by making them go to places that are risky, waste sorting, if it is done in a safe location, can protect them and provide a source of income.

4. Broaden the range of innovative solutions & partnerships for SWM: The SWM Plans will include financial mechanisms, technology and role of various stakeholders in SWM cycle. Increased coordination of different stakeholders including municipalities, communities, NGOs and private sectors is needed. Private sector involvement, through public-private partnerships (PPPs), can be an option for improving cost-effectiveness and quality of service. Infrastructure, such as landfills, can be awarded to private companies on a build-operate-transfer basis. Franchising is another common way for PPPs, where the private sector has the right to collect waste within the agreed location and sell recyclable waste. It is also recommended to consider involving the informal sector, such as informal waste pickers. Such collaborations should be established soon after the peak of the current SWM crisis has been overcome, in order to diversify SWM with two destinations of composting and recycling, while creating mid-long term employment through SWM value chain enterprise development.

4.3.2 Other Municipal Services

I. Pre-crisis Situation

Below is a review of pre-crisis delivery practices and levels for other municipal services (building and settlements control, road extension and maintenance, traffic & public space management), that have been found to be significantly impacted by the Syrian refugee crisis:

Well-established and respected systems of development control: The process of reviewing and approving permits for new constructions and for new subdivision plans is well established, including for relatively small size investment (i.e. individual houses, apartment buildings, midsize commercial buildings). The related fees contribute to the municipal budget. It is usually a process that municipalities are able to perform within an acceptable time span (two weeks to a month). However, limited technical capacity in smaller municipalities does not guarantee adequate revision of plans. For large investment projects, applications undergo a complex process that requires negotiation with the local authorities on building rights, and its associated infrastructure cost and development fees. Amman and Aqaba have special departments that administer such applications. Development control varies between municipalities, depending on the availability and capacity of staff, and the level of commitment of the municipality in controlling development. Nevertheless most new development adheres to building regulations and building violations are not significant.

Road development and maintenance chronically underfunded: due to the difficult financial conditions of municipalities and the fiscal deficits that Jordan has witnessed in the past years, funds allocation and expenditure for maintenance and establishment of roads have been insufficient. For example, in the years 2007, 2008 and 2009, the total municipal expenditure on maintenance works including roads comprised only around 4.5 per cent of the total municipal expenditure[243]. A rapid assessment in the North shows that some municipalities were not able to do roads maintenance for the last ten years, or have not been able to construct new roads to guide settlement growth and support agricultural marketing, hindering the marketability of local products and increasing the cost of products for consumers[244].

Poor traffic management and management of public spaces: Private cars are the main means of transport in Jordan, complemented by limited public transport. Under-designed road networks, and limited capacity to organize traffic, results in congestion, affecting the functioning of urban areas. The provision of public space in most municipalities is limited, due to the lack of public land and the limited share of land (25 percent) that can be extracted for public use in new developments. The quality of the public spaces is often limited, affected by the water shortage and lack of maintenance, in particular in under-funded municipalities. Recent CDSs[245] noted the need for more public spaces to cater for youth and children.

II. Impact Analysis

The influx of Syrian refugees has affected the above-mentioned municipal services in the following ways:

Development control is increasingly difficult: Construction activities have increased rapidly in affected municipalities to accommodate housing demand by the Syrian refugees (see also housing chapter). Apart from new constructions, people are building additional floors, random extensions, conversion of garages and storage spaces, sometimes encroaching on setbacks and subdivisions of

[243] Municipal Financial Bulletin for 2009 No (2) , Regional and Local Development Project, MOMA
[244] 94% of municipalities surveyed by UNDP in 2013 in Irbid & Mafraq reported plans to pave and extend the rural road network on their territory but not having financial means to do so.
[245] Developed in 2012 for the cities of Mafraq, Zarqa, Karak and Tafilah (MOMA) with support from Cities Alliance and the World Bank.

existing housing units, and not necessarily waiting for a building permit. In Al Mafraq, the relevant committee is meeting twice as often to deal with the soaring caseload. Monitoring and development control staff cannot keep up, and the municipality cannot afford hiring more labour. Connection to the electricity and water networks require an occupation certificate, which can only be given when a building permit has been issued. When this happens post-facto, fines are paid for any violation noted.

Shortfall in maintenance and building roads and public spaces exacerbated: the rapid population growth equals more traffic and by further degradation of the road network. Several municipalities reported the impact of the increasing number of heavy-loaded trucks used by humanitarian agencies to service refugees, which cause more damages to their road networks. With their limited financial means diverted to more pressing issues[246] such as SWM, road and urban infrastructure, road maintenance is even less taken care of than before. Additional funds are needed to support settlement growth, including the extension of roads, storm water drainage networks and streetlights.

Increased tensions in the functioning of the urban environment: the increase in traffic in urban areas negatively affects the way cities function and could add to social tension. Proper planning of settlement growth, with adequate resources, can help provide longer-term relief. Public spaces and parks are sometimes used as transit areas for arriving refugees, but this varies among localities, and many of them do not have public recreation areas to start with. Housing solutions are needed to ensure that this does not become a more permanent situation, as public spaces are badly needed to provide recreation space for youth and children. Such spaces can potentially also help relieve social tensions, in particular as overcrowding becomes more common.

Some anecdotal evidence has been provided on the impact of the crisis on other services such as **cemetery construction**, given the sizeable increase in the number of deaths, not only from the Syrian refugee population living in Jordan, but also Syrians fighters and civilians injured inside Syria who are brought to Jordan for emergency treatment and pass away at Jordanian health facilities. Capacities of municipal cemeteries, in terms of space, are exceeded in some locations and new plots of public land have had to be transformed in new burial grounds[247].

Finally, although not falling within municipal mandates, all municipalities surveyed in Irbid and Mafraq have reported their desires to complement **water supply and sanitation services** provided by central government agencies with locally-run services such as water and sewage trucks, as the current networks cannot cope with the population influx – or were not sufficiently functional even before the crisis (particularly for sanitation as sewage networks are rare). Some municipalities already run such services. These services could also be privately run if local small businesses are helped with the initial investment costs.

The following challenges apply to the municipal services described above:

- **Need for acceptable building standards and sufficient capacity for development control:** Although development control is a core function of municipalities, and a source of revenue, external support provided by government and donors tends to focus on basic services and infrastructure. Strengthening municipal capacities for development control and targeted awareness raising could be useful to guide ad hoc housing solutions and limit their negative impact.

- **Balance new road development with other service and infrastructure needs:** As discussed in the chapters on settlement growth, simple planning tools could help to prioritise new road development, in view of guiding new expansions. Financing mechanisms need to ensure that there is financial space for priority new roads.

[246] In Sahel Houran municipality, 30% of the 2013 budget was diverted to supporting refugees who enter the country from Syria through this municipality.
[247] Information verbally provided by MOMA and certain municipalities to assessment team.

- **Long neglect of non-SWM services**: With the crisis, financial constraints have increased while capacities of municipal authorities have not improved. Services that have an income-generation potential, like building licensing, seem to be better withstanding the crisis as municipalities give them more priority in the allocation of scarce financial and human resources. More attention is also given to solid waste management, as this is the most immediately visible consequence of overwhelmed municipal delivery capacities.

In terms of *available support* to municipalities, the main contribution so far will come from a new WB initiative, co-funded by the Government of Jordan, DfID, Canada and the WB and implemented in cooperation with UNDP, for *Emergency Services and Social Resilience*. Under this initiative, USD50 million will be earmarked for technical assistance and block grants to nine municipalities to support essential service delivery areas. Not all of this funding will go to upgrading SWM capacities, therefore municipalities will also be able to address gaps in other urban services as presented above. The use of grants for "soft" activities such as local economic development, recreation and sports or community development, will be encouraged.

III. Response Options

1. Better integration of the use of the limited financial and human resources: it is important to link the decisions on the use of the resources with the range of services and urban issues that affect the functioning of certain segments of municipalities, rather than with specific services. To do so, better monitoring and allocation of resources is required.

2. Enhancing the capacity of affected municipalities to better handle urban development and management: Urban management needs to be better placed in the work of municipalities. In response to the crisis, the urban environment in affected municipalities needs to be better managed and controlled. In particular, the functions of development control and development approvals need to be more coordinated. Also, the functions of roads maintenance and construction need to be aligned with the functions of traffic management, urban planning, and development approvals.

4.4 Urban Management

I. Pre-crisis Situation

High levels of poorly planned urbanization: the urban sprawl and lack of urban planning in Jordanian cities since the 1960's has resulted in high costs to guarantee infrastructure and services. There is also a disconnect between urban planning efforts pursued by municipalities and infrastructure and service delivery organized and implemented by central government agencies, making the management of urban development a difficult task. Consequently, urban growth is based on spontaneous land-use planning decisions and partial initiatives, in addition to market and land speculation forces, leaving no choice but for infrastructure to follow. A concentration of 10 houses is enough to oblige government to ensure access by road and to electricity, water and street lighting.

Similarly, the disconnect between urban planning, as practiced by municipalities, and economic and social development goals, limits the function of urban planning to land-use planning, and leads to missed opportunities to guide infrastructure investment to facilitate economic development and more efficient urban growth.

Evolving government programmes to plan settlement growth*:* Aside from the urban planning practices by municipalities, the Government has initiated several interventions that are strongly linked with the urban development in Jordan. Among these are:

- Targeted urban development programmes: The government implemented several urban development programmes with support from the World Bank during the eighties and nineties. These programmes improved the level of infrastructure and social services, and aimed to resolve planning and tenure issues in many informal and substandard areas throughout Jordan through the Housing and Urban Development Department (HUDC).
- The Community Infrastructure Programme (CIP): a programme that was implemented in the late nineties as part of Jordan Social Productivity Programme aimed at supporting poor communities as part of Jordan's Readjustment Programmes. It was funded by the World Bank and implemented by MOPIC in partnership with HUDC and CVDB, a Public sector bank that provides financial support to Municipalities. The programme targeted the upgrading of the infrastructure of the 11 official Palestinian refugee camps in Jordan and 13 other substandard informal settlements. It also included financial and capacity building support to poor and weak municipalities to implement infrastructure projects within their jurisdictions.
- The Regional and Local Development Programme (RLDP): A multi-component programme implemented by MOMA. The programme aims at strengthening the capacity of the municipal sector and updating the Jordanian Municipal law and the national regulatory framework towards a more decentralized local governance system. Within this programme CDS were prepared for four cities (incl. Mafraq and Zarqa) with community participation. MOMA is planning to replicate this experience to another seven Category "A" municipalities. Despite some concerns about the fact that participatory approaches are far from institutionalized, the hope is that these plans can help bridging some of the above-mentioned gaps.
- Promoting smart growth through Master Planning: In recent years, attempts have been made to prepare master plans for various municipalities in the country, including Amman, Balqa and Irbid, and parts of zarqa Governorate. The plans were prepared by the relevant local authorities and MOMA, with support from the Amman Institute. Regional master plans have also been prepared in Jerash, Ajloun and Madaba Governorates by MOMA and related Municipalities' teams. The Master Plans aimed at directing urban growth and providing for growth needs. The master planning process was relatively participatory. Most of these plans are still at the various stages of approvals and not legally binding yet. If approved, they can provide the background for infrastructure services and urban development programming.

II. Impact Analysis

Biggest impact in urban areas but future unclear: the largest concentration of refugees is in urban areas, which emphasizes the advantage of these areas in terms of job opportunities, housing solutions and access to basic services and infrastructure. It can be concluded from various assessments, and from periodic updates on refugee numbers and their location, that Syrian refugees remain relatively mobile and the scenarios for the future remain unclear.

While it is clear that the most affected cities (i.e Mafraq, Ramtha, Irbid, Al Sarhan, Sahel Houran and Amman) will most likely retain a high number of refugees if the crisis becomes increasingly protracted, it remains premature to predict the long-term impact of the crisis on the spatial development of specific localities.

Nevertheless, it is important to understand the current dynamics of refugee movement and settlement, and plan for accommodating their needs on the short and medium terms. Jordan's past experiences with massive refugee influxes, and the relatively associated costly responses, should provide valuable lessons learnt for planning and adoption of proper measures for dealing with the Syria crisis.

Unplanned settlement growth is promoting unsustainable sprawl and informal settlements formation: In the case of Mafraq, settlement growth is currently happening in different directions, and the lack in planning guidance, supported by pro-active infrastructure investment might ultimately result in the same problems as Jordan has seen in the past, in particular taking into account the projected numbers of Syrian refugees. If basic planning does not happen and planned land is not made available, we might see informal settlements emerging outside the planning boundaries, which once they start are hard to contain and expensive to 'fix'.

III. Response Options

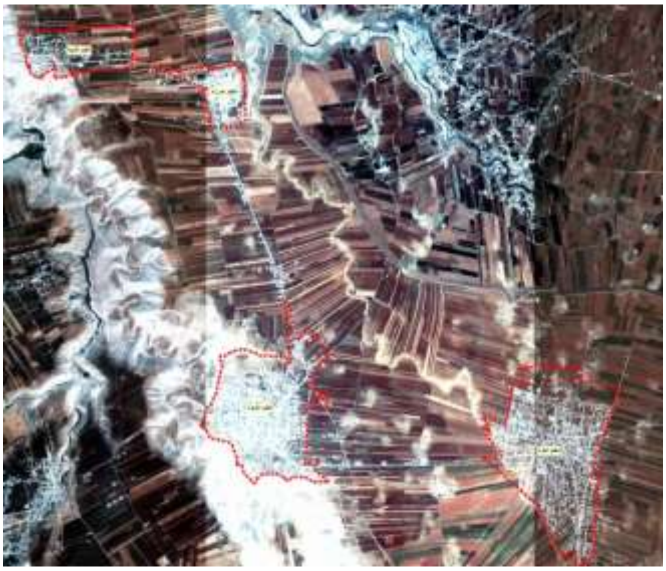
1. Monitoring and analysis of absorption capacity of different municipalities and start planning settlement growth: The above illustrates the need to monitor more closely the impact on the urban areas and the shifting dynamics (ex. location of additional housing units). It is important to estimate the absorption capacity of the already built up areas within the affected municipalities and plan for accommodating what goes beyond this capacity into expansion areas within the existing planning boundaries or prepare for extending the planning boundaries in case growth expansion possibilities are limited. Municipalities and international actors lack a proper analysis of the urban environment and need to be able to monitor the impact of the humanitarian and development programming. Data needs to be captured in a way that is easily accessible, so it can be used as a basis for decision-making. Monitoring should include settlement growth (incl. differentiating between densification, emergency of informal construction, and urban expansion), stress on services and infrastructure, land and housing prices, etc. Data should better be allocated at the community level to ensure the actual prioritization of the interventions matching the on ground needs. On the other hand, data should be made available on the gender characteristics of the community, which should hence be reflected on the prioritization of the needs. This should include settlement growth, stress on services and infrastructure, land and housing prices, etc. On the other hand, planning in general should have a forward-looking vision to accommodate the rapid growth and to avoid the creation of new informal settlements, which are costly to upgrade at a later stage.

2. Balancing financial and human resources*:* It is necessary to ensure that the distribution of resources (financial and human) between municipalities is taking into consideration the population growth and the needs of Syrian refugees. This should also be done with profound collaboration between the municipalities, the Governorate LDUs and MOMA.

4. Adjusting national development policies*:* Policy instruments and national development programmes should be adapted, taking into account the increased overall population, their spatial and gender distribution, and the extra housing and infrastructure needs. If not done, the effectiveness of these instruments and programmes might decline and even be counterproductive. The National Housing Strategy, its implementation instruments, and the foreseen National Spatial Plan provide opportunities to take into account emerging scenarios, as the crisis becomes more protracted. Government needs to see which policy instruments need to be prioritized to ensure housing supply can meet the overall demand taking into consideration the fact that both Jordanians and Syrians are now sharing the resources and the revenues of the development, and to guide the settlement growth in sustainable directions. The assumption should be that the Syrian crisis poses risks but also opportunities to plan ahead.

Box 4: Analyzing the absorption capacity of Irbid and Sahel Houran Municipalities

Irbid City Municipality (right) has a total residential built up area that equals to 114 km2. This area has a low gross population density equals to 5040 persons/km2 and a population estimate of 574700 persons. As can be seen from the satellite image, the area has a considerable infill capacity. The City master plan[248] has also designated additional 40 km2 (shaded in beige) as an expansion area to accommodate the future growth of Irbid till 2030. The impact of the crises on Irbid city has resulted in a population increase of 120,000, which will increase the population density to 6093 hab/km2. On the long term, Irbid city has adequate capacity that will not require revising its planning boundaries, but will require a strategy for guiding growth within the existing boundaries to contain sprawl and reduce infrastructure services costs.



Sahel Houran Municipality (left) in Irbid Governorate has a total residential built up area that equals to 6km2, distributed over four separated parts. This area has a gross population density of 6,300 hab/km2 and a population estimate of 37,811. As can be seen from the satellite image, the infill capacity of the built up area is relatively moderate, but with a good share of agricultural land that is cultivated. The municipality does not have a planned expansion so far. The additional Syrian refugees estimated by 15 thousand will increase the population density to 8,800 hab/km2. The Municipality needs to consider its future growth needs taking into account the remaining numbers of Syrian refugees, as well as the protection of agricultural land, within and outside the existing planning boundaries. On the longer term, expanding the planning boundaries of some parts can be a good option in case the absorption capacity proved not to be sufficient.

[248] The above mentioned Master plan is still not approved as a legally binding document.

4.5 Social Cohesion & Civic Participation

Social cohesion is a broad and elusive concept - easier to recognize by its absence than by any definition. A lack of social cohesion can result in increased social tension, violent crime, targeting of certain groups, human rights violations, and, ultimately, conflict. There are two principal dimensions to the goal of preserving social cohesion:

A - The reduction of disparities, inequalities and social exclusion.
B - The strengthening of social relations, interactions and ties.

As other sections of this assessment dwell extensively with the first dimension and issues of inequalities and social exclusion (see livelihoods, education, health, gender), this section focuses on the role of local governance actors, and their capacities to diffuse tensions between groups and increase trust and tolerance between groups and between institutions and society.

I. Pre-crisis Situation

The matter of social cohesion in Jordanian host communities is a complex issue as it is the product of intertwined levels of relationship, between community groups / tribes, between Jordanians and their authorities, between Jordanians and Syrian refugees and between Syrian refugees and local authorities as well. Cutting across these relationships are factors of age, gender, income level and living environment (rural / urban).

Tension and unrest in Jordanian communities, including in the north, started increasing before the arrival of Syrian refugees[249]. Recent studies have shown that a combined deterioration of purchasing power (inflation, rising unemployment), social equity and an increasing realization of governance issues (alleged corruption, lack of responsiveness, centralized system) breeds frustration among the population and impact negatively on the level of confidence that Jordanians have in their institutions. Regional factors greatly shape local perceptions and have direct repercussions on daily life in the Jordanian society, as is the case with the Syria crisis. Most commonly, tensions that sometimes flare up into open confrontations involve different tribes or disputes between citizens and government. The increase in violence on university campuses is also a recent phenomenon. However, acknowledging a rise in tensions in Jordanian communities should not overshadow the fact that the great majority of Jordanians continue to feel safe and secure and that the incidence of violent acts remains low compared with other countries in the region.

The *provision of public services*, and their perceived quality and equity, is a main component of how populations judge the responsiveness of their local and national institutions. Previous sections have explained the pre-crisis issues facing service delivery at the local level. Yet, this perception, which affects social cohesion and the social contract (i.e. the strength and quality of the state-society interaction), also depends on how far citizens are taking part in shaping the response to challenges faced by communities. The *lack of meaningful participation* of citizens in local decision-making processes (those that really shape service delivery and development choices) has already been cited[250]. Larger municipalities also face issues to maintain relations and engagement with grassroots communities given the speed and shape of urban growth in Jordan. Lacking avenues for meaningful participation, people tend to turn to traditional leaders and CSOs/CBOs first to address their grievances. However, the lack of institutionalized mechanisms for regular and meaningful involvement of non-state actors in public policy processes means that the frustration about the lack of responsiveness of public institutions remains. It is telling that in the recent survey on *Tensions in Jordanian Communities*, 44 percent respondents thought that the most effective strategy to reduce

[249] 59% respondents said there has been tension in their community and 45% considered that it has been increasing (GC, 2013).
[250] 49% respondents unsatisfied with the level of participation in local decisions (GC, Jan 2013). ,

tension in their community was increasing citizen participation in decision-making and 39 percent believed that coordination among government and non-government actors should be increased.

Local governance actors, and in particular municipalities, can also influence social cohesion through *better urban management and socio-cultural policies*, especially when they relate to children, youth and women. The section on urban management showed how Jordanian cities, including the north, are becoming tenser places to live in because of increasing traffic congestion, lack of public spaces & parks, absence of sufficient sports & cultural facilities, and the generally poor upkeep of urban infrastructure and environment. Municipalities in Jordan, except larger ones and/or those with significant touristic potential, engage little in supporting recreational and social activities, not only for lack of funds, but also because their responsibility vis-à-vis central government in this regard is not defined by law[251]. When it comes to creating channels of citizen participation, it is the local civil society that is the most active in facilitating social ties and interactions; it is very active in particular in organizing youth and women-friendly spaces and activities, relying mostly on its own financial means and volunteers.

II. Impact of the Syrian Crisis

The arrival of Syrian refugees in large numbers has had a direct impact on social cohesion in Jordanian host communities as it exacerbates existing drivers of tension and the loosening of social ties, and creates new sources of tension.

First, the *increased pressure on public services*, including municipal ones, and on Jordanian livelihoods, which results from the arrival of Syrians is undeniably *the main current threat to social cohesion***,** as there are no deep ethnic, religious or cultural rifts between the host communities and refugees. Municipalities have a limited say in the provision of social services and livelihood support, and are not able to keep up with the increased needs for urban services, or "softer" services that can have a positive impact on the level of tension in the public space, and create opportunities for social interactions, such as traffic control and public transportation, public areas and park management, and recreation facilities and activities. Jordanians feel that their previous living environment has deteriorated, while Syrian refugees find themselves isolated, possibly discriminated against and with very limited access to spaces of positive social interaction outside of direct family and friends networks[252]. This is impacting Syrian children and women particularly hard, as they cannot manoeuver their new living environment with the same level of autonomy as adult men. Outside of the Greater Amman area, there is a real dearth in Jordan of child-friendly and women-safe public spaces in Jordanian cities.

Second, the *Syrian crisis has accentuated the perceived lack of sufficient participatory governance* at the local level with host communities feeling that their needs are not taken enough into account by their institutions and/or that their capacity to solve pressing issues is too limited. There is qualitative evidence that the decline in confidence towards public authorities, including municipalities, is accelerating in communities receiving large number of Syrian refugees. On the other hand, Jordanian CSO/CBOs are very active in providing support not only to Syrian refugees but also to the most vulnerable Jordanian citizens, from their own resources or in cooperation with foreign NGOs and donors. This reinforces the feeling that civil society and community leaders are more reliable representatives of people's interests than elected leaders or state officials. It is in this context that new municipal councils, freshly elected last August, are put under tremendous pressure to deliver. The Syrian crisis is a direct and very early test of their electoral legitimacy, even more as there are high

[251] The Law of Municipalities assigns them the role of building cultural & sports facilities but does not commit them further in supporting « soft » activities that will be run in such facilities (this is left to central government). Needless to say that very little is being built by municipalities, given the limited budget for investments, reserved in general for more *pressing* issues than sports & culture.
[252] A recent survey by CARE showed that 100% of Syrian children have no access to safe spaces for playing (Syrian Refugees in Urban Jordan, CARE, April 2013).

expectations that they will be better able to involve citizens in decision-making than previous appointed councils[253].

Third, the *impact of the Syrian refugee influx on community security* in general, is another important determinant of the future of social cohesion in host communities. So far, there is no evidence that the increase in population due to the arrival of Syrians has had a significant and direct incremental effect on crime, beyond what is mathematically expected from an increase in population[254]. There may be an increase in certain types of nuisances and offences related to public moral, or a reported increase in cattle theft, but no trend can be extrapolated from anecdotal evidence. Interestingly, the increase in petty crimes and nuisances reported in some municipalities was also attributed to the increased number of unemployed Jordanian youth who loiter in public spaces – after the link to their increased rate of unemployment being made with the Syrian's arrival. Further attention should be given to aspects of community security, involving the Police for more precise crime statistics. Perceptions of insecurity among host communities need to be monitored as such feelings can spread quickly on the basis of rumours and further damage the fragile social cohesion.

The following *challenges* apply to preserving social cohesion in the longer-term in host communities:

- Continuous increase in refugee presence
- Difficulty for Jordanian authorities to keep service delivery on par with population increase
- Limited financial capacities for, and low-ranking prioritization given to urban management and socio-cultural services, by local and national institutional actors, and limited understanding of longer-term crisis-sensitive municipal planning.
- Previously-lacking culture and infrastructure for civic participation, which means a dearth of dialogue spaces between state and society to address pressing host community issues, create trust and diffuse tensions. This applies also to the lack of consultation mechanisms between local authorities and Syrian refugees.
- Jordanian CBOs/CSOs need more awareness and capacities to build social cohesion through support they provide to both refugees and Jordanians.
- Lack of safe public spaces for positive social interaction between Syrian refugees and Jordanians, especially women, children and young people.
- Limited access to reliable sources of information to dispel rumors and false conceptions (especially on social media); very limited presence of local media.
- Insufficient coordination between CSOs/CBOs, international NGOs, UN agencies and state / local authorities working to mitigate impact of Syrian refugees on host communities, especially for social cohesion aspects (e.g. not listed as a priority under the Municipal Services Task Force).

III. Response options

This assessment could not access a reliable database of current projects and programmes directly tackling sources of tensions and working on improving social cohesion in host communities. In any case, such activities are mostly run in the context of other types of interventions, be it the provision of humanitarian aid, social services, livelihood support or women & children's rights. Since social cohesion is strongly premised on fighting exclusion and increasing social ties, and positive interactions between state and society, it is crosscutting to almost all types of interventions planned and deployed to mitigate the impact of Syrian crisis in Jordan. The main gap often resides in the fact that the potential of such interventions to protect social cohesion in the long-term is not always maximized, by a lack of conflict-sensitive planning in the design stage.

[253] In a pre-electoral opinion poll in 2011, 91 percent of respondents in 4 municipalities approved giving more authority to municipal councils to work directly with constituents in solving local problems (IRI, 2011)

[254] In a meeting with the assessment team in Mafraq, the Deputy Governor dispelled the idea that the crime rate per capita had increased even though his city's population nearly doubled.

New projects initiated by MOMA in collaboration with the World Bank and UNDP to *support municipal service delivery and livelihood promotion* in the North, are trying to address such gaps, and put a strong emphasis on conflict prevention, addressing needs for positive social interaction, and on inclusive participation of host communities and Syrian refugees in prioritizing small capital investments and economic development activities funded by the projects. The block grant allocation of 50 m under the MOMA/WB JESSR project, for example, foresees the use of grants for recreation / cultural or sports facilities and activities, through a process of participatory planning between municipalities and recipient communities. UNICEF is also planning on accelerating the roll-out of its Child-friendly Cities program in the North of the country.

Finally, *building social cohesion through stronger state – society interactions needs good strategic communications* on the part of state authorities, and municipalities, and easy access to information for citizens and refugees. Initiatives such as the past campaign of MOMA "*My municipalities grows with my participation"* could be replicated, incorporating a strong message of tolerance and shared responsibility to make life in host communities more pleasant for all. Jordanian citizens and Syrian refugees also need to access easily reliable information on the conditions and trends in their communities, regions and country. This would imply working with local media, help establishing these when they do not exist, and strengthening CSO/CBOs' capacities to deal with informational needs of their beneficiary groups. Such work is also essential to prevent existing tensions from evolving into open conflict.

4.6 Inclusive Local Economic Development

For the purposes of this assessment review, local economic development (LED) is broadly defined as maximizing economic activities including livelihoods, employment and wealth-generating activities, and involving interrelated fields such as rural development, regional competitiveness, urban policy, service delivery and multi-level governance. The inclusive dimension of LED is critical to the success of LED strategies, which can involve the following types of micro-economic measures at the local level to complement macro-economic measures at the national level:

- Ensuring functionality of the local investment climate
- Supporting small and medium sized enterprises
- Encouraging the formation of new enterprises
- Attracting external investments
- Investing in physical infrastructure
- Investing in soft infrastructure
- Supporting the growth of clusters of businesses
- Supporting informal and newly emerging businesses
- Targeting certain disadvantaged groups

The following section will give a brief overview of the existing governance framework for promoting and achieving inclusive LED in the country, how it is being affected by the refugee crisis in certain areas, and what support is needed to support the LED institutional infrastructure in these areas respond to the tremendous pressure put on local economies by the arrival of hundreds of thousands of refugees.

I. Pre-crisis situation

In 2009, the Government published a White Paper on a "*Framework for Sustainable Local Economic Development"*, which proposed a major shift of approach to promoting local and regional development. Until then, LED consisted of the government driving economic development through supply-driven policy decisions and incentives (targeted subsidies, supply-driven employment schemes, SME financing, regional institution-building, export free zones, etc.), with little coordination of different entities involved and lack of strategic vision. The new approach was based on a more *demand-driven and bottom-up process* whereby a strategic vision for LED was to be developed collaboratively by local public, private and civil society actors (including research and teaching institutions). The process was to be led by local governments, and at the level of a specific geographical area, following the principle of economic clustering. Jordan's LED framework would also recognize the need for any economic development and growth to be equitable, supporting an overall reduction in poverty, an equalization of growth between regions in the country, *and* a growth which benefits men *and* women.

The White Paper recommended four major steps: (i) *legislative and other policy actions*, including capacity-building and financing, to empower local actors (municipalities & governorates[255]) in their new roles as LED engines; (ii) *developing integrated LED plans*, at municipal / small region and governorate levels, after conducting comparative and competitive advantages of each, based on appropriate market research (including value chain analysis), and involving all relevant stakeholders; (iii) *creating a more business-friendly environment*, with national targets, sector specific initiatives, skills development, and access to finance, under the responsibility of municipalities and central government; and (iv) *improving the quality of infrastructure* (physical and communications), taking LED needs to prioritize investments.

Four years later, it has to be recognized that a national LED framework is still missing and that initiatives in support of stronger LED dynamics are still fragmented between different institutional chains, between public, semi-public and private sectors, and a lack connection to the clients' base (in particular MSMEs). Nevertheless, interesting initiatives and ground work has taken place at the local level, to bring economic actors together, reflect on LED opportunities and integrate the promotion of LED within the public administration mandate at sub-national level. Starting from the bottom, below are the main components of Jordan's LED institutional architecture to this day:

Municipal Level: Since 2011, LED is officially part of the municipal mandate, and falls under the responsibility of the municipal Local Development Units[256]. LDUs, to be staffed by 5 fully dedicated staff (paid by the municipality) should now: (i) identify needs of local economic actors and communities and LED investment opportunities; (ii) plan and facilitate economic and business development through Local Economic Development Plans (LEDPs); and (iii) strengthen local network of LED stakeholders. The reality is however somehow different, as in many cases, LDU staff is seconded from other municipal departments (to save salary costs), and only deliver outputs such as data collection and analysis, preparing feasibility studies and following-up on externally funded projects. LDUs function better in Class A municipalities; in smaller municipalities, they seem to exist only on paper. There is also a broader problem in that municipalities do not necessarily endorse the LED role given to them, or do not understand it clearly. Mayors often prefer to focus more narrowly on their service delivery functions, arguing that they are not sufficiently legally empowered to assume such a broad mandate as LED. When municipalities make efforts to identify LED projects and find sponsors, they prioritize activities that generate them revenues – but are not necessarily economically viable[257] or that lack a sufficient employment-generating potential for the local community. The majority of such investments are in public buildings and stores that can be leased to private vendors and traders. Other types of investments include the construction of crafts and industries areas, establishment of vegetable markets, and purchase of equipment to be leased out. Of course, the lack of investment capacity in most municipalities obliges them to find financial partners for most projects they have planned. Their capacity to strike public-private partnerships or to attract donor funding remains limited. In the end, only a small number of municipalities have actually developed LEDPs, always with donor support, and even fewer are implementing them. One of the recent more successful

[255] The proposed LED strategy was premised on a major decentralization move with the creation of a new layer of local government at the Governorate level.

[256] In addition to LDUs, municipal Investment Department, which follows up on municipal investment (commercial malls, shops) and ensure collect related fees, also contribute (in theory) to the municipal LED capacity.

[257] For example, many municipalities invested in opening gas stations in their own name, but without proper prior market study, hence oftentimes in locations not seeing enough traffic to make these ventures profitable.

attempts at enrooting an LED culture and practices at the local level come from the EU-funded Baladiyati project piloted in the selected municipalities in Marfaq, Zarqa and Karak governorates (see Box 5).

Box 5 Example of LED activities implemented in Jordan (EU-funded Baladiyati Program)

Approach:

- Strengthen municipal capacities to support local economic development (LED)
- Build on City Development Strategies in Mafraq, Kerak and Zarqa and 2 smaller municipalities
- Develop mechanisms for dialogue and coordination of economic stakeholders
- Improve priority municipal services that support economic development
- Train Business Development facilitators to link businesses to sources of finance and business development services.

Sample of results:

- Supporting public-private sector teams for developing value chain analyses and action plans for 3 priority agro-business sectors
- Mapping of economic development zones
- Reference Guide to Business & Economic Development Services in Governorates
- Service Quality Improvement Plans for municipal Business licensing offices

Governorate Level: mirroring the LDUs at municipal level, all Governor's Offices are equipped with Local Development Units (or GLDUs). They are in general better structure and staffed and contain: (i) a Projects Section to monitor the implementation of governmental projects; (ii) an Investment Section to facilitate foreign investment projects; (iii) a Planning, Studies & Budget Section to produce reports and statistics on the Governorate's socio-economic situation and sectorial analysis of the needs and line ministry's actions. In general, GLDUs have little direct interaction with the private sector, other than those represented in the Chambers of Commerce and Industry, nor do they perform market studies or value-chain analysis of productive sectors. Until recently, GLDUs produced regular reports on the economic situation of their governorate but usually failed to present a thorough qualitative assessment of the threats and opportunities of main economic sectors or to formulate regional LED plans. Recently, GLDUs have been closely involved with MOPIC's initiative to produce Governorate Development Plans (see section 4.3.1) that contain sectorial reviews of main economic sectors and list proposed investment projects. In certain governorates (e.g. Karak, Zarqa, Ajlou, Tafilah), donor-funded projects have helped push the idea of regional economic development planning ahead, and produced interesting planning tools and mechanisms for private/public LED forums. A lingering issue, which applies not only to the sub-national LED institutional set-up, but also to other areas of development, is the lack of cooperation between municipalities and governorates in that area. Such coordination should be anchored through the LDUs at both sides. There is no public-private consultation process to develop LED strategy and plans that involves governorate and municipal decision-makers.

Other LED institutional actors at subnational level: Chambers of Commerce and Industry are present in each governorate but more active in larger cities and urbanized governorates. They tend to represent the medium to large enterprise sector. They remain a partner of choice for public institutions working on LED.

National Enabling Environment & Financing Institutions / Programmes: There is a presence of public, semi-public, civil society & private institutions and programmes in support of economic development in Jordan, some of which also have governorate-level representation[258]. While all very active, they lack coordination in the absence of a strong national LED framework. One of the most noticeable actors is the *Jordan Enterprise Development Corporation (JEDCO)*, a quasi-public body mandated to support the productive sector in Jordan. Its primary focus is on delivering technical

[258] See the Reference Guide for Business & Economic Development Support Services in Karak, Zarka and Mafraq Municipalities, produced by JEDCO with support from the EU Baladiyati Project.

assistance programmes and supporting access to finance for SMEs as well as promoting their access to export markets. JEDCO developed the concept of Business Development Units (BDUs) to be established in governorates, replicating the role played by JEDCO at national level, as its semi-private nature makes it more agile and competitive to attract talented staff than are public administrations (LDUs). Five pilot units have already been established. Their close integration with the GLDUs needs to be guaranteed so as not to create a parallel LED architecture. In terms of public investment funds supporting business projects, the most recent is the *Governorate Development Fund* (125 m USD) established with the aim of investing in SMEs, large projects located in the governorates, and projects with a large job-creation potential. There is also the *SME Development Fund*, providing grants and loan guarantees (USD300 million); the *Development and Employment Fund (DEF)* which offers credit as well as insurance, capacity building, and technical training for entrepreneurs, including in poor and low-income categories. It is the largest of the seven micro-finance institutions[259] in Jordan in terms of loan portfolio, serving over 17 thousand borrowers.

Local Private Sector: Micro, Small and Medium sized Enterprises (MSMEs) dominate the private sector in Jordan, representing more than 99 percent of all firms. While most of these MSMEs are registered as specified by law, there are a sizeable percentage of self-employed firms in the informal sector. The existence of large sized firms in less developed governorates is also crucial for the economic growth of those governorates. In terms of employment, MSMEs play a vital role in job generation, as they employ around 70% of the private sector's employment, and almost 50 percent of the employment opportunities in the Jordan's private and public sectors. Recent studies have shown that the MSME sector in Jordan remains in doubt of the effectiveness of the LED institutional machinery , criticizing the lack of consultation with entrepreneurs and communities, the limited capacity of LDUs to form LED strategies and designing economically-viable projects, and the lack of transparency in the allocation of resources to the private sector through LED mechanisms. A lot remains to be done in order to build a trust-based relationship with the private sector in the context of the developing LED framework.

II. Impact of the Syrian refugee crisis

The impact of the refugee crisis on local economies is documented in section 3 of this report. This impact has been measured mostly through donor or government-led assessments. Municipal or governorate LDUs have not taken the lead in producing analytical impact reports, though they are supposed to monitor a set of socio-economic indicators (at governorate level). This is both a capacity issue, which also limited the reach of the LED framework before the crisis, and a surge issue: LDUs and governorate / municipal administrations have to deal with many other priorities linked to the crisis, be it service delivery, humanitarian assistance or grievance-handling from tense host communities. If LED was not a priority before, it can hardly be one now. This is not a blanket statement though, and more assessment in this area would be needed, as there are also reports of municipalities in affected areas working closely with local Chambers of Commerce in identifying opportunities for public-private partnerships befitting the current local context[260] – as the increase in population also has potential positive fallouts on local economies, be it just through a demand increase.

The influx of refugees is rapidly transforming local economies and livelihoods and modifying the previously socio-economic contexts that served as the base for local development and local economic development exercises such as the Governorate Development Plans and the City Development Strategies. The crisis has highlighted the need to revisit these plans to reflect this rapidly changing context, making it even more necessary to devise localized early economic revitalization strategies that will help local economies adapt. This will include building stronger links with social cohesion,

[259] Tamweelcom/ Jordan Micro-Credit Company, Ahli Micro-financing Company, Micro-Fund for Women, National Microfinance Bank, FINCA and the Middle East Micro Credit Company.
[260] See *Rapid Assessment of the Local Government Sector in Jordan*, WB 2013.

increasing the resilience against additional refugees increases, and providing the most enabling environment possible to Jordanian MSMEs and informal sectors. Local planning processes will need to take note of women and excluded groups.

Finally, although it might be marginal given the already-low investment capacity of Jordanian municipalities, more and more of them have to postpone or revisit investment choices and projects made in their development plans, due to more pressing needs in financial terms to sustain increased levels of service delivery. Although not quantified, such trends, if confirmed, would show an even lower potential of municipalities to actively contribute to local economic development.

III. Response Options

The issues that hampered the implementation of the LED framework in Jordan before the crisis remain valid. More than ever, government and donor efforts must focus on strengthening the LED framework as a means to increase resilience of the smaller segments of the business sector and keep them on a growth path. The crisis brings a lot of hardship for MSMEs and households in Jordan, but it can also bring opportunities for economic growth for MSMEs and create jobs. Yet, given the many issues still faced by the local development / local economic development planning system in Jordan to produce viable strategies and projects, a pragmatic approach around supporting the institutional LED infrastructure needed.

To start with, providing the necessary technical assistance to municipal LDUs, and, involving their governorate counterparts, *simple LED plans should be prepared* in host communities, taking into consideration the new economic context created by the presence of refugees (and looking both at challenges and opportunities in that regard). Where such plans already existed it will be a matter of *revalidating / updating existing LED strategies & plans* on the basis of new conditions brought by the refugees' arrival. Rapid participatory needs identification and prioritization will be needed, building upon preparatory work conducted to assess local opportunities and challenges for economic growth and job creation under the new context, in an effort to bring vocational training services in line with labor demands. Market and value chain analysis and other exploratory analysis related to income-generating potentials, should be conducted to support the planning exercise. Special attention should be given to business opportunities for MSMEs in relation to service delivery (e.g. recycling in the SWM chain, household water & sanitation truck services) where municipalities cannot respond to the soaring demand.

Specific projects with good economic potential given the current context should be *funded through grants, micro-finance or bank loans* or other rapid and flexible funding instruments, mobilizing the many existing financing instruments in Jordan for the MSME sector. It could include projects such as markets, labor intensive works, or investments leveraging access to already-existing livelihood & entrepreneurship programmes.

Urgent *capacity support is needed by municipal LDUs*, especially those that lack qualified staff, in data collection & analysis, consultative processes, value chain analysis with the private sector, and in planning. In particular, they should be prime channels of access to information for the private sector with regards to different resources available for development of the existing MSMEs, be it finance or technical assistance. As a short-term stopgap measure, but also for capacity-building, temporary expertise in LED could be hired and placed in municipal / governorate LDUs. The connection between municipal LDUs and Governorate LDUs needs to be strengthened through joint involvement in the LED planning and implementation process. Municipal LED plans should be amalgamated at the Governorate level which can be capacitated to support resource mobilization to support their implementation.

5. INFRASTRUCTURE AND ENERGY

This section assesses the impact of the Syrian crisis on the water, sanitation and energy sectors in Jordan, and gives options for how these sectors can build resilience and better respond to the increased demand on their services.

5.1 Water and Sanitation

I. Pre-crisis Situation

Jordan is the fourth most water scarce country in the world[261], and is facing an enduring imbalance between the demand and the available supply of fresh water. The great proportion of renewable surface water and groundwater has been utilized and exhausted, and the remaining usable sources are gradually diminishing. Jordan has two major surface water sources: the Yarmouk River and the Jordan River (shared with Syria and Israel respectively). However, these sources provide the country with less than half of its water demand, while the rest has to be derived from groundwater sources. As a consequence of an exploitation rate that is higher than the replenishment rate, water levels are declining and the quality is deteriorating. To meet the increasing water demand, Jordan has recently completed a project aimed at tapping its non-renewable fossil water aquifer known as the Disi Aquifer. Apipeline transports the water for more than 300 km from the south of the country to the demand centre of Greater Amman Municipality.

Thanks to large government investments made over the past decades, more than 97 percent of the population is currently connected to a piped water network. However, due to water scarcity, supply is based on a rationing system to ensure equitable distribution. The water supply to households is rationed on average once every week (for 24 to 72 hours).[262] This frequency also depends on the season, with lower frequencies of delivery in summer than winter. This system of water distribution requires households to have water storage tanks sufficiently large to last until the next water supply.[263] The picture is bleaker for remote rural communities, which are more affected by water shortages and suffer from insufficient sanitation services.

All water supplied through the public water systems is chlorinated and water quality in general can be classified as acceptable (a 2011 study by the Government of Jordan indicated that 90 percent of household water has residual free chlorine of 0.2 mg/l to 0.5 mg/l, which is within the acceptable limits). However, due to negative community perceptions (reduced consumer trust in the credibility of water utilities over past incidents related to watershed and resource contamination, as well as cross contamination caused by old water supply networks), especially in affluent areas, bottled water is sometimes preferred to pipe water for drinking purposes.

Though a range of water sources is used to supply water, the predominant sources are deep boreholes, which are supplemented by springs and shallow wells in the hilly areas in the north. In all cases, several sources feed the same water treatment systems or plants via networks and pumping stations, where water storage and treatment usually take place. After treatment, the water is pumped or flows through a pressurized system to the various distribution networks. In some cases, water supply networks cross governorate boundaries. In addition, the activity of water networks can vary seasonally, with water from additional sources used in the summer months to meet the increased water demand. Jordan's future socio-economic development depends heavily on the availability of additional resources and on the optimal management of its scarce water resources.

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[261] *note that, the others three countries are more financially and economically capable to put in place high tech expensive water resources while Jordan lack that privilege which makes it the most scarce country.

[3] Miyahuna Water Supply System

For the Yarmouk Water Company (YWC), which serves Irbid, Mafraq, Jerash and Ajloun governorates, 50 percent of water production is considered lost as non-revenue water due to old networks, breakage, low operational maintenance, and theft through illegal connections., This problem is compounded by a weak administrative and collection system. The calculated water demand is around 56 million m^3/year resulting in an overall (deficit) shortage of 19 million m^3/year.

More than 62 percent of the population in Jordan is connected to a sewage system. This coverage can be much lower in some places. According to the YWC, only 43 percent of the population is connected to a sewage network system in the northern governorates. There are 27 wastewater treatment plants with a capacity to treat 441,000 m^3 of wastewater. However, not all are functioning at full capacity. The actual average inflow is 304,000 m^3 of wastewater.

In general, sludge disposal and treatment is a major problem, which has an adverse effect on the environment. Sludge management (disposal and treatment) is hampered by weak treatment capacity and the related cost implications. Sludge is thus usually dried in beds and hauled to designated landfills, which is costly.

I. Impact Analysis

Overstretched water supply capacities

In addition to its natural population growth, Jordan's population has increased in the past three years by more than 600,000 Syrian refugees. The **gap between available water and demand has expanded significantly, compounded by the need to satisfy the demands of other sectors such as agriculture, industry and tourism.** Host communities in certain governorates such as in Mafraq experienced tensions over water scarcity even before the refugees arrived. Public water services were strained, with high losses caused by old water distribution systems.[264] This was further compounded in the northern governorates that hosting more than 70% of the refugees.

The water system in the northern governorates, where most of the refugees are living, has inadequacies, leakages and various rehabilitation needs. **The increase in demand from Syrian refugee is potentially further reducing the amount and frequency of water available for Jordanians.** All water resources in northern governorates are running at full capacity, continuously pumping water with no seasonal modulation.[265] The water network is massively inefficient. Fifty percent of its water is lost either through leakages or is unaccounted for (the percentage is higher in Mafraq). A recent assessment carried out in October 2013 in these governorates indicated that parts of the water network are in urgent need of repair.[266] For example, out of 21 boreholes assessed, 12 had a medium risk of faulty drainage, watershed pollution from surrounding pollutants or animal faeces, unsealed heads, and damaged fencing. Out of 18 pumping stations assessed, two were not operational, and two were in a bad condition, with leakages and stagnant water. The average water supply network is 35 years old, and the average sewage system 30 years old. Municipal water infrastructure is in need of urgent rehabilitation to increase water quality and accessibility.

The frequency of the water supply is almost insufficient and has worsened with the increase of the population following the arrival of Syrian refugees. In a recent assessment on both Jordanians and Syrians, 44 percent of households in rural areas, and 33 percent in urban centres ran out of water more than twice over a month, with 81 percent of rural and 73 percent of urban areas running out once or twice.[267] These families have to supplement their supply by purchasing water either from tankers, private vendors, or private wells. A minority of farms and factories receive water for free. Other

[264] Mercy Corps, (May 2013), *Mapping of Host Community-Refugee tensions in Mafraq and Ramtha, Jordan*.
[265] ACF International, May 2013, *Exploratory Mission to report on Syrian Crisis in Jordan and Iraq*.
[266] Interagency, Oct 2013, *Interagency Water, Sanitation and Hygiene Assessment in Jordan-preliminary results.*
[267] Water, sanitation and hygiene working group in Jordan, Oct 2013, Interagency Water, Sanitation and Hygiene Assessment in Jordan-preliminary results.

factors besides geographic location influence access to water such as the frequency of water delivery, storage capacity, and local networks with vendors and neighbours. Water delivery varies by season, from a few times a week in the winter, to once every ten days in the summer[268], though once every 25 days[269] has been documented in the past. It also varies by location: In Jerash, 70 percent of refugees receive water less than one day per week, whilst in Balqa, 70 percent of the population receives water at least 1-2 days a week, sometimes more.[270]

In order to assist Jordanians in decreasing the impact of the population increase, **storage capacity can be examined, as it is a key factor for families to access water at a lower cost.** Households that have a larger storage capacity are able to store more water for their use and avoid incurring additional expenses.[271] Buying drinking water from a shop is 20 to 46 times more expensive than using piped water.[272] For example, in the urban areas of Balqa and Zarqa, both Syrian and Jordanian families had on average 1m³ of water storage facilities, while it was estimated that families require a minimum of 2m³ of storage to serve the needs of a household for one week.[273] As trucks usually prefer to provide one truckload at a time, households with smaller storage facilities either have to share with other families or only take a portion of the truckload, which is usually more expensive.[274]

In areas where there is a **concentrated number of refugees, such as in the Za'atari camp, there are concerns that the underlying aquifer could become polluted without proper waste water collection and management practices.** This needs to be closely monitored and further safeguards put in place. Waste water treatments plants are likely to also be under additional pressure: existing wastewater treatment plants currently serving and receiving wastewater collected from the refugee camps at Al Akaider and Ramtha are becoming overloaded and require a capacity increase and/or rehabilitation, as they not only have to treat increased waste water quantity, but also more concentrated waste water quality. This situation warrants an immediate need for the construction of new wastewater treatment plants to satisfy the needs of the Zaatari (and Azraq-when it will become operational) refugee camp as well as the needs of the host communities.

Though water quality is an issue in some areas, a weak system of regular water-testing and monitoring make it difficult to assess.[275] This requires further research and monitoring.
The increased number of Syrian students in schools is also affecting the water and sanitation facilities in schools which were often already strained. An assessment of 474 schools in Irbid, Ma'an, Mafraq, Zarqa, and Amman with both Jordanian students and Syrian refugees, highlighted the need for rehabilitation, gender-segregated toilets and disabled facilities. [276] Eighteen percent of the water fountains were not in good condition, the water quality in 10 percent of the schools was bad to moderate.

Sanitation:
The main impact of the Syrian influx in terms of sanitation is an increased pressure on sewage systems and communal waste facilities in the northern governorates and other areas. 98 percent of Jordanians have access to improved sanitation. However, sewage services only cover about a 62 percent of the population, mainly in urban centers.[277] With the majority of refugees living in urban

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[268] Oxfam GB, (2013) Water Market System in Balqa, Zarqa, & Informal Settlements of Amman & the Jordan Valley – Jordan
[269] Water, sanitation and hygiene working group in Jordan, Oct 2013, Interagency Water, Sanitation and Hygiene Assessment in Jordan
[270] REACH and ACTED, (2013), *Findings of Household assessment of Syrian Households in host communities in the northern governorates*
[271] Oxfam GB, (2013) Water Market System in Balqa, Zarqa, & Informal Settlements of Amman & the Jordan Valley – Jordan
[272] Oxfam GB, (2013) Water Market System in Balqa, Zarqa, & Informal Settlements of Amman & the Jordan Valley – Jordan
[273] Oxfam GB, (2013) Water Market System in Balqa, Zarqa, & Informal Settlements of Amman & the Jordan Valley – Jordan
[274] Oxfam GB, (2013) Water Market System in Balqa, Zarqa, & Informal Settlements of Amman & the Jordan Valley – Jordan
[275] Interagency (ACTED, JEN, Oxfam, Relief International), (2013) Interagency Knowledge, Attitudes and Practices Study of Syrian Refugees in Host Communities in North Jordan

[276] Japan Emergency NGO (JEN), Feb 2013, Assessment findings of schools hosting Syrian refugee students in Jordan Governorates
[277] Water, sanitation and hygiene working group in Jordan, Oct 2013, Interagency Water, Sanitation and Hygiene Assessment in Jordan-

centres, this puts these systems under additional strain, though details about the effects of this strain are yet undocumented. The main impact of the Syrian influx in terms of sanitation is a potentially increased pressure on the municipal sewage systems in the host communities as well as communal waste facilities at the camps in northern governorates.

More septic tanks are likely to be in use and at higher frequencies due to the influx of Syrians, with multiple families often living in a single residence. This is a concern as the majority are inadequately constructed and regularly leak and overflow (cesspools).[278] In an assessment studying the sanitation systems of Syrian and Jordanian households, approximately a third of septic tanks (rural 31 percent and urban 34 percent) overflowed at least once in the past three months.[279] Wastewater seepage or infiltration from improperly constructed septic tanks is another risk especially in areas where underground basins of water are located.

Jordanians in informal tented settlements have lower access to sanitation and minimal hygiene practices in general and often practice open defecation, or share communal toilets with various families. While the impact of the Syrian crisis has yet to be analysed, it could be anticipated that with an increased number of Syrian refugees also staying in informal settlements, these resources will have to be shared among more people, potentially further marginalizing these groups.

Schools are accommodating additional students as a consequence of the crisis, causing increased pressure on their sanitation systems. An estimated 4.5 percent of schools had no latrines, or latrines were in bad condition. In 27 percent of cases, schools had latrines considered to be in moderate condition. In mixed schools, only 37 percent of latrines were separate for boys and girls. Only 83 out of 151 schools that had students with disabilities had latrines accessible to children with disabilities. About 10 percent of sewage systems in schools required upgrading. The quality of sanitation facilities has been shown to affect girls' school attendance, particularly amongst adolescent girls[280].

II. Response Options

Water sector governance is led by the Ministry of Water and Irrigation (MoWI) and the Water Authority of Jordan (WAJ). At the local level the WAJ and other state-owned companies such as the Yarmok Water Company (YMC) and Miyahuna are providing services.[281] YWC manages water supply and sewage systems in the northern governorates of Mafraq, Irbid, Jerash and Ajloun. The other governorates are managed by WAJ local branches with the exception of Amman, where water and sewage systems are managed by Miyahuna.

The following response options would address the impact of the Syrian crisis on water and sanitation in Jordan:

Water Supply

i) *Water Conservation:* as discussed above, unaccounted-for water (illegal connections, limited financial resources for operation and maintenance due to low revenue collection) represents an alarming proportion of around 50 percent. This requires urgent attention to improve the efficiency of water systems. This may include rehabilitating existing networks to reduce leaks as well as pumping stations, improving leakage control, containing illegal abstraction, rationing water based on population density, and collecting rainwater collection tanks at community levels.

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[279] Water, sanitation and hygiene working group in Jordan, Oct 2013, Interagency Water, Sanitation and Hygiene Assessment in Jordan-preliminary results.

[280] WHO (undated) *Definitions of Indicators* accessed at http://www.who.int/water_sanitation_health/monitoring/jmp04_2.pdf. and *Water, Sanitation and Hygiene (WASH) and Women and Girls* accessed at http://www.mvula.co.za/images/uploads/WASHWomen.pdf

[281] Official website of the MoWI: http://www.mwi.gov.jo/Dashboard.aspx

ii) *Water Reuse:* a lack of enforcement regarding the discharge of untreated wastewater and the weak control of harmful discharges for the environment and bodies of water is affecting the balance of demand and supply for governorates and refugee camps. As a substitute for fresh water irrigation, treated wastewater can play an important role in water resources management. Options for reusing wastewater need to be developed.

iii) *Water quantity and quality:* specific interventions are required to increase water quantity and improve water quality with special emphasis on the protection of ground water resources from overuse through illegal wells. Other interventions could include assessing safe aquifer utilization levels and pollution prevention measures through watershed management and the enforcement of protection zones around water resources and enhanced laboratory services.

Sanitation

i) *Sanitation Coverage:* while sanitation coverage in Jordan is around 62 percent, in the northern governorates, coverage is as low as 43 percent. As discussed in the earlier section there is a need to increase overall sanitation coverage. While coverage in terms of sewerage networks needs improvement, there should be an emphasis on disposing of household excreta in areas not covered by networks. This should be one of the priority areas for the sector (utilization of properly constructed and installed septic tanks according to the existing building code, community/municipal connection systems where connection to a wastewater treatment plant is possible). Another priority is the expansion of existing or the construction of new wastewater treatment plants where appropriate. In addition to increasing coverage there is a significant need to rehabilitate existing networks that are aging and that have reported overflow problems in the recent past.

ii) *Increasing Efficiency and Capacity:* in addition to increasing efficiency in collecting wastewater, there is also a need to work on the efficiency of the waste water treatment system, as waste water treatment plants are not working optimally. The plants tend to operate over design capacity during peak loads or need rehabilitation/modifications to be in line with proposed enhanced sanitary-household connection systems. On the capacity aspect, some treatment plants are currently receiving increased quantities as a result of increased populations, or increased quality loads (concentrations) due to increased influx of sewage tanks. The majority of wastewater treatment plants need rehabilitation according to WAJ's annual report on the status of wastewater treatment plants. Past experience has also shown improved wastewater treatment service delivery, as well as operation and maintenance when the private sector is engaged (e.g. public private partnerships, micro private sector participation). Operating models involving the private sector should take equitable financial treatment of low-income communities into consideration.

iii) *Capacity development:* capacity building of service providers is required to address issues such as wastewater reuse, the environmental impact of wastewater, best practices etc. The expansion of decentralized low-cost wastewater treatment options, with respective operation and maintenance support, should be encouraged, as it would provide job opportunities for (semi-) skilled labour in surrounding communities.

Cross-cutting water and sanitation issues:

i) *WASH in public institutions and places:* Ensuring sufficient water, sanitation and hygiene infrastructure in public institutions, in particular in schools, has not been prioritized in Jordan. Specific projects should be implemented to address the deficiencies of WASH in schools and in other public institutions, as well as in public places (e.g. markets).

ii) *Community participation in WASH activities and awareness raising:* Interventions should promote the participation of local populations and refugee community groups by engaging community leaders to increase community buy-in and support. Community participation can have a positive impact on different issues, such as ensuring that households in host communities conserve water, connect their cesspits for improved environmental protection and hygiene, and that cesspools are designed properly so as not to contaminate underlying aquifers, or that tankers dispose of septic waste at designated waste water treatment plants.

Women and the poor bear a disproportionate share of the burden of scarce or mismanaged water resources. This is due to women's prime role as household managers, while the poor in communities often find it more difficult to fulfil basic needs, such as access to water. Therefore, any WASH activities at the community level need to be conducted with special consideration to gender-relevant implications and by involving poorer Jordanians.

5.2 Housing

I. Pre-crisis Situation

Jordan is a highly urbanized country with a 82.6% urbanization rate in 2012. The housing indicators in Jordan are above average. The formal housing stock in 2010 was in relative good condition, with sub-standard housing or houses built of impermanent material only constituting 0.27%[282], with access to public water networks reaching 96.7% and electricity 99.9%.

The annual housing need was estimated to be of average 32,000 units, whereas supply in the market is about 40,000 units, and the average annual number of units constructed is around 28,589 units (2004-2011)[283]. However, existing supply is not well aligned with the demand, in particular for lower income groups. As a rule of thumb, expenditure on housing should not exceed one third of the income. All statistics indicate that for most Jordanians that limit is not exceeded: The median expenditure on housing per household was 20%, however, going down the income scale, the rate goes up to 35.3%[284].

Jordan has a relatively high stock of vacant units, (18% before the crisis)[285], and a low overcrowding ratio with an average of 1.3 person/room (Housing Indicators set the standard for sufficient living at <3 persons per room). The quality of construction is overall good, indicating a culture of valuing properties as a lifelong investment and the availability of well-developed skills base.

The ownership ratio was 73.1% to 23.2% rented. At the lower end of the income ladder (first decile) 44% are renting. In Mafraq governorate, rented housing units only reached 12.5% (2010), explained by the strong tribal communities, with more owned and inherited land.

Different waves of population influx from neighbouring countries have affected the Jordanian housing market. The Iraqi crisis during the 2006-2007 period, for instance, created a demand for larger housing units and re-directed private investments, with developers building bigger units. However, after two years, the demand by the Iraqis decreased, leaving many large units vacant, and unaffordable to lower income groups.

Rental sector undergoing huge changes
Rental housing is usually the only housing solution for lower income groups. Private developers have been reluctant to produce rental housing due to the old Tenants Law (1953) that allowed a tenant to occupy a property indefinitely at the same rent even after the end of the lease term. The amended Landlords and Tenants Law (1994 and 2011) are still being discussed at the Lower House of Parliament. All leases negotiated before 2000 expired by the end of 2010. The new regulations intend to deregulate the market and abolish rent control and are expected to increase the rental housing stock for the lower income groups. However the legislation will inevitably raise the rent for many as the lease contract will regulate the rights of both parties and set the duration and termination of the lease.

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[282] DOS
[283] DOS & HUDC 2004 – 2011 housing sector report
[284] DOS Household expenditures and income survey2008/2009
[285] HUDC Urban & housing Indicators release 8/2013

II. Impact Analysis

Concentration of Syrian refugees in urban areas
The most affected governorates are Mafraq and Irbid, which witnessed an influx of refugees equalling 45% and 21% of their total populations, respectively[286]. The concentration of refugees is mainly taking place in the urban centres of these two governorates. This can be attributed to the close location of these cities to the Syrian border-crossings in Jaber and Ramtha; the strong historical social and economic ties between Jordanians and Syrians in these localities; and the fact that these centres provide better job opportunities and accommodation options than rural areas.

Mafraq City has witnessed the largest influx of Syrian refugees. According to the estimates of the government, the influx equalled 128% of the Jordanian population (90,000 Syrians to 70,050 Jordanians)[287]. Other cities that have seen a large-scale influx are Ramtha, Al Sarhan and Irbid with an influx that exceeds 20% of their Jordanian population. Table 1 below shows the population increase in the most affected municipalities in Irbid and Mafraq.

Table 20 Jordanian and Syrian Population in the most affected Municipalities in Irbid and Mafraq[288]

Governorate	District	Municipality	Jordanian Population (DOS 2012)	Syrian Refugees (MOI July 2013)	% of Syrian vs total population	% of Increase
Mafraq			**300,300**	**134,900**	**31%**	**45%**
	Mafraq Qasabah		125,080	105,000	46%	84%
		Mafraq Al-Kobra	70,050	90,000	56%	128%
		Bal'ama Al-Jadida	25,570	7,500	23%	29%
		Rihab Al-Jadida	20,370	5,000	20%	25%
		Manshiyah Bani Hassan	9,090	2,500	22%	28%
	Badiah Gharbiyah		92,190	21,300	19%	23%
		Al-Serhan	20,110	9,000	31%	45%
Irbid			1,137,100	239,750	17%	21%
	Irbid Qasabah		574,700	130,000	18%	23%
	(includes Bani Obeid)	Irbid Al-Kobra	574,700	120,000		
		Gharb Irbid		10,000		
	Al-Ramtha		133,690	55,000	29%	41%
		Al-Ramtha Al-Jadida	133,690	40,000		
		Suhoul Horan		15,000		
	Bani Kenanah		93,580	21,500	19%	23%
Total Irbid+ Mafraq			**1,437,400**	**374,650**	**21%**	**26%**

286 Reference: Jordanian/Syrian Population Figures by MOI and DOS July 2013
287 Reference: Jordanian/Syrian Population Figures by MOI and DOS July 2013
288 288 Reference: Jordanian/Syrian Population Figures by MOI and DOS July 2013

Surge in need for housing and structural changes in the housing sector
The large numbers of refugees estimated at 613,921[289] in October 2013, presents an almost 10% increase in the total population of Jordan,. This increase translates into a huge immediate demand for housing, roughly estimated at over 86,000 housing units[290] on top of the estimated annual average need of 33,000 units[291] by Jordanians. This surge has a severe impact on the municipalities where the Syrian refugees first settle. Refugees seem to be mobile, moving further into Jordan, seeking more appropriate and affordable housing solutions, in connection to job opportunities. As the crisis becomes protracted, the impacts are expected to become more structural and they will significantly affect the housing sector of Jordan as a whole.

Immediate ad hoc housing solutions in response to the rapid increase in population
Visits to the affected municipalities show no evidence of makeshift structures or homeless people. A wide range of ad hoc housing solutions have emerged to absorb as much as possible the shock caused by the influx of Syrian refugees:

Maximizing rental options
This has been the most prevailing and practical solution. The vacant housing stock has mostly filled up. As supply did not meet demand and as the level of rental subsidies received by Syrian refugees was well known, rental prices inflated, pricing both Jordanian and poor Syrian families out of the market. No monitoring takes place, but anecdotic evidence points to increases of 100% – 200% in some areas with extremes of 300%, compared to pre-crisis values. In some areas Jordanian families have returned to their villages of origin, or have regrouped (for instance sons moving back in with the family) to rent their own houses and apartments for lucrative rents. In Irbid City, some Jordanians were investing in buying apartment buildings and renting them to Syrian refugees.

To increase supply, some landlords are reported to have subdivided their housing units into more than one by adding a new kitchen or bathroom, mostly without the necessary permits. In some cases, basements, garages and storages places have been illegally converted into small apartments. Municipalities are overstretched and are unable to monitor these developments.

As rents inflate and reach more than 50% of their income, or in situations where refugees started exhausting their savings, Syrian refugees resort to sharing their rented houses with other Syrians families. Cases of overcrowding with up to one family per room while sharing common facilities have been noted. This type of overcrowding, if prolonged, almost inevitably results in social tension and health problems due to poor sanitation and ventilation. The municipality in Al Mafraq pointed to the surge in problems with sanitation, due to the overload of the network and frequent blockages.

The distribution of refugees within municipalities varies according to the availability of vacant housing stock. In Irbid municipality, some 70,000 Syrian refugees are concentrated in one area close to Yarmouk University. This is an attractive place for housing investment, as it provides rental-housing units to students. Students have been replaced by Syrian refugees, who are paying higher prices ranging between JD200-JD300.

Growing increase in new constructions both within the existing urban areas as in the periphery
Field visits and municipal data indicate clear increases in new constructions. The number of building licenses issued by Mafraq municipality has witnessed a significant increase in the last three years from 332 in 2010 to 445 in 2011, to 504 in 2012 and is expected to reach 600 in 2013. Direct

[289] Reference: Jordanian/Syrian Population Figures by MoI and DoS July 2013. UNHCR estimate is 538,747 as of October 2013. It varies from Jordanian estimate in total and varies significantly in its break down over governorates.
[290] Depending on an estimated household size of 7.12, ACTED 2013
[291] Reference, : HUDC

observations point to a few categories: vertical and horizontal extensions, new individual houses, and an important number of new apartment buildings targeting the rental market.

A rough calculation for Mafraq, using a conservative two to three housing units per building license since the start of the crisis, would result in an increased housing supply of 3,700 - 5,600 units. For Syrian refugee families with an average household size of 7.12[292], this means a housing solution for 25,900 - 39,200 people. The source of investment does not seem limited to local investors. It would be good to further investigate the value and growth rate of Syrian investments in housing and if a part of the increase in remittances is directed towards real estate investments.

In Irbid City, the municipality estimates that new construction increased by 10-20%. Some sources state that investors still hesitate as the length of the crisis remains unknown and as the overall economic situation remains fragile. This increase is not yet reflected in the numbers of building licenses for the affected governorates. This would indicate that construction is slowing down in other areas due to the unfavourable economic climate.

Temporary accommodation
The only tents noted are in rural areas, where some Syrian families settled close to farms that provided them with job opportunities. In Ramtha, the municipality facilitated a temporary tent camp in the main public park, conceived as a transit area.

Severe stress on the housing market
The ad hoc housing solutions noted above indicate a severe stress on the housing market, in particular the urban areas. As an extreme case, Mafraq faces a huge housing demand backlog that, taking the Jordanian Ministry of Interior figures[293], would equal 12,600 units, which is 19 times higher than the regular annual average housing need of around 660[294] units. To a lesser extent, the other most affected cities are facing similar conditions with sudden demand that ranges between seven to ten times the average annual housing need[295] before the crisis.

This is a clear indication that the housing market in these localities is not able to cope with the situation, even with the existing vacant stock that equals 16% and 20% of the total housing stock in the urban areas of Mafraq and Irbid governorates respectively. For other municipalities, the situation seems less dramatic as the vacant housing stock was able to absorb a good portion of the refugees.

The above calculations show the wide gap between demand and supply in the housing sector, requiring an accelerated response by the public and private sectors. Predictions over the long-term presence of Syrian refugees remain hard to make. However, even in the best-case scenario of having a share of Syrians returning to Syria, housing shortage is expected to remain at high levels.

One of the key concerns is the impact of the crises on the availability of affordable housing for low-income groups among Jordanians and Syrians. As mentioned before, the supply of housing in Jordan was already not meeting the needs of the lower income categories. The existing heavily subsidized social housing programmes will be faced with the issue of distributing very limited available resources over a much larger number of eligible beneficiaries or poverty pockets. Issues of equality and the balanced use of potential subsidies between the different locations, income categories and nationalities need to be carefully considered.

Worrying signs of forced evictions
The stress on the housing market also results in increased abuses. Apart from the renting sub-standard units (e.g. converted basements, etc.), more and more stories emerge of forced evictions among

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[292] ACTED Shelter and Winternization Needs Assessment Survey of 2013
[293] Reference: Jordanian/Syrian Population Figures by MOI and DOS July 2013
[294] HUDC Housing Needs Projections : Based on a calculated average need estimate for the last three years
[295] Based on the analysis of the estimated housing need by HUDC and the Syrian refugees estimates of the Jordanian MOI and DOS of July 2013. Syrian refugees' household size is estimated at 7.12 – ACTED Survey of 2013.

Syrian families, when the landlord receives a higher offer. Refugees are often encouraged to sign and register rental agreements to serve as proof to receive rental subsidy. However, landlords often rent their unit as 'furnished' apartments, even if this is only so in minimal terms, to benefit from the possibility to cancel the lease at short notice. Also, observations were made about some Jordanian families been evicted upon their contract's expiration to house Syrian refugees. The MoSD has reported that 60 families in Mafraq who are receiving cash assistance as they have been evicted from their homes. They report another 100 Jordanian families who are on the waiting list to get cash assistance because they have also been evicted.

III. Response Options

Extra measures to boost supply, with particular consideration for the needs of the most vulnerable

As the stress on the housing market continues and the Syria Crisis becomes more and more protracted, one can expect the market to react further to the demand. It will be important to monitor a bit more closely to what extent the supply is able to meet demand both in numbers as in target groups and gender needs.

Better analysis and monitoring should help to decide what extra policy and physical measures are needed to boost supply by the private sector and to adjust supply better to meet the demand. More direct government interventions, with assistance of the international community, might be required to provide solutions to the most vulnerable of Jordanian and Syrian families. The housing sector in itself seems to have the capacity to respond, but it is unclear what push and pull factors exist for investors.

Currently the main focus of the interventions is being put on the most affected governorates being the northern part of the country. However seeking affordable housing and livelihood opportunities may shift the crisis impact to further governorates across the country. Therefore , special monitoring of the movement of the Syrian population across the country should be well observed so as not to shift the needs irrelevance to the planned interventions. A more comprehensive study of the housing market and the livelihood opportunities may be needed to oversee the possibilities exerted on the market.

Adjusting humanitarian and recovery interventions taking into account the dynamics of the housing market – rental market

The impact of current and planned humanitarian and recovery interventions needs to be properly assessed and they need to be sufficiently flexible as to be adjusted if negative impacts on the housing market are noted (ex. increase in rental prices due to rental subsidies). As rental options are often the only solutions for the poorest families, the current distortion of the rental market will increasingly deprive the lowest income groups. Immediate and long-term measures could be conceived to address this matter (ex. re-introduction of rent controls in the most affected municipalities until the market gets stabilized, etc.).

Adjusting national development policies:

As needed, policy instruments and national development programmes should be adapted taking into account the increased overall population, their spatial distribution, and the extra housing and infrastructure needs. If not done, the effectiveness of these instruments and programmes might decline and even be counterproductive. The National Housing Strategy, and its implementation instruments, and the foreseen National Spatial Plan provide opportunities to take into account the new emerging scenarios, as the crisis becomes more protracted. Government needs to see which policy instruments need to be prioritized to ensure housing supply can meet the overall demand and to guide the settlement growth in sustainable directions. . As such, any new policies or amendments should not overlook the reality that the Syrian population is currently and for some unseen time part of the community structure. The assumption should also be that the Syrian Crisis poses risks but also opportunities to plan ahead and /or invest on the potential resources of the new scenario.

Managing housing related tensions

The fact that Syrians are pricing Jordanian families out of the market in some areas has been noted several times as one of the most important contributing factors to social tension between Syrian refugees and Jordanians. Furthermore, increased overcrowding could increase the risk for tensions at the family level, including domestic violence and gender sensitive dilemmas. Early detection would be important, as in general the housing need issues may ignite tension between the Jordanian and Syrian households seeking affordable housing and between the Syrian community on the long run and as the crisis may still lengthen.

5.3 Energy

I. Pre-Crisis Situation

Jordan is one of the world's most energy insecure countries, importing about 97% of its energy needs. While Jordan has achieved many development goals, sustaining these results will increasingly depend on the transition to a sustainable energy future. In addition to long-standing structural challenges in the energy sector in terms of supply, demand and management, Jordan also faces exacerbating factors resulting from the Arab Uprisings and the Syrian crisis.

In recent years, Jordan has faced a serious convergence of energy related pressures, including disruptions of natural gas imports from Egypt and rising local demands due to a large influx of Syrian refugees. A key concern is that without effective support by the international community, heightened demands for energy could come at the cost of other developmental needs in Jordan, and, given the centrality of energy to the public budget, could derail the development trajectory of the country.

In terms of energy supply, Jordan has traditionally relied on natural gas imported from Egypt for 80% of its electricity. A series of disruptions to this flow have been experienced since 2011, with gas imports from Egypt declining by up to 70%. In response, Jordan shifted to crude oil imports from the Arab Gulf, with crude oil rising to 42% of energy imports in 2012.[296] As oil prices are much higher than natural gas, this has added about USD 2 billion per year to Jordan's energy import bill.[297] Energy imports have risen to make up approximately 20% of Jordan's GDP, with overall energy costs likely to reach 30% of imports in 2013.[298] This has serious implications for the State budget, drastically decreasing fiscal space to allow the government to respond to various priorities to sustain development and ensure national resilience.

Jordan has seen rising levels of domestic demand in recent years. According to government statistics, as seen below, residential consumption rose by 9.44% from 2011 to 2012, compared to just 5.9% between 2010 and 2011. Meanwhile, diesel consumption rose by 34.48% from 2010 to 2011 and 22.43% from 2011 to 2012; kerosene by 8% from 2010 to 2011 and 7.41% from 2011 to 2012; and oil consumption rose by 11.98% from 2011 to 2012.[299] This further burdens Jordan's energy subsidy system, with a 2013 electricity subsidy bill expected to reach USD 1.8 billion, almost matching Jordan's forecasted 2013 budget deficit of USD 2 billion.

[296] Department of Statistics, quoted http://english.nuqudy.com/Levant/Jordan%E2%80%99s_Energy_Cri-4547
[297] *See* http://www.reuters.com/article/2013/10/13/imf-jordan-idUSL1N0I208M20131013
[298] See UPI Energy-poor Jordan faces explosive electricity hikes http://www.upi.com/Business_News/Energy-Resources/2013/07/11/Energy-poor-Jordan-faces-explosive-electricity-hikes/UPI-42211373568370, July 11, 2013.
[299] Yusuf Mansur, Data compiled from Ministry of Energy and Mineral Resources, October 2013, Amman.

Table 21 Energy Consumption Trend in Jordan (Gigawatts per hour), 2006 - 2012

	2006	2007	2008	2009	2010	2011	2012
Household	2,989	3,434	4,459	4,926	5,219	5,548	6,126
Growth (%)		13.0%	23.0%	9.5%	5.6%	5.9%	9.4%
Industry	2,659	2,758	3,128	2,981	3,258	3,445	3,461
Growth (%)		3.6%	11.8%	-4.9%	8.5%	5.4%	0.5%
Commerce	1,317	1,516	1,925	1,978	2,148	2,269	2,427
Growth (%)		13.1%	21.3%	2.7%	7.9%	5.3%	6.5%
Water	1,298	1,396	1,713	1,761	1,867	1,939	1,955
Growth (%)		7.0%	18.5%	2.7%	5.7%	3.7%	0.8%
Streets	248	261	284	310	315	334	305
Growth (%)		5.0%	8.1%	8.4%	1.6%	5.7%	-9.5%
Total	8,712	9,593	11,509	11,956	12,843	13,535	14,274
Growth (%)		9.2%	16.7%	3.7%	6.9%	5.1%	5.2%

Source: Compiled from Ministry of Energy and Mineral Resources, Jordan http://www.memr.gov.jo/

The overarching energy insecurity challenge in Jordan has led the government to develop a broad strategy for transformational change in both energy supply and demand dynamics. In terms of supply, Jordan is shifting from its over-dependence on gas imports from Egypt, to a broader energy mix reflected in its National Energy Strategy. [300]

This includes a greater share of Liquefied Natural Gas (LNG) imports, possibly from Qatar or the new Leviathan Basin in the Eastern Mediterranean, with a new LNG port planned in Aqaba; new oil and gas pipelines from Iraq, as Iraq seeks to expand energy exports; and a search for shale oil, which some estimate to be present beneath 60% of Jordan's territory. The government has also undertaken significant reforms of Jordan's domestic energy subsidies, shifting from universal subsidies, which disproportionately benefited the wealthy, to a reduction of energy subsidies and an increase of cash transfers reaching 70% of the population. [301]

An equally important priority has been achieving some level of local energy production, mainly by scaling up renewable energy, and improving energy efficiency solutions in Jordan. The new 2013 Arab Future Energy Index (AFEX) shows that Jordan has made positive progress in this regard, ranking second in the Arab region for renewable energy trends and third for energy efficiency. [302] The 2012 Energy Efficiency and Renewable Energy Law is also a key enabler, providing incentives for sustainable energy solutions as Jordan seeks to increase renewable energy from 1% of overall energy in 2010 to 10% in 2020, and to improved energy efficiency by 20% by 2020.[303] The new 2013 National Energy Efficiency Action Plan (NEEAP) is a key policy tool, which identifyes actions and initiatives to rapidly reduce the intensity of energy growth. [304]

II. Impact Analysis

About 75% of Syrians now reside in Jordan's cities and towns, exacerbating levels of residential energy consumption, including electricity demands on the power grid, and the need for liquefied

[300] *See* National Energy Strategy (2007-2020), Amman (2007).
[301] *See* Fattouh and El-Katiri, *Energy Subsidies in the Arab World*, UNDP Arab Human Development Series, New York (2012)
[302] Arab Future Energy Index (AFEX) Report, Regional Center for Renewable Energy and Energy Efficiency (RCREEEE), Cairo (2013)
[303] Jordan Energy Efficiency Roadmap, Ministry of Energy and Mineral Resources (2010), Amman.
[304] MED-ENEC, *Jordan National Energy Efficiency Action Plan (NEEAP)*, MED-ENEC Project, Cairo (2013).

petroleum gas (LPG) for domestic cooking, the only fuel derivative which remains subsidized by the government.[305]

Access to energy has arisen as a central concern for the future of Jordan's development pathway, including for the well-being of vulnerable Syrian communities in both cities and refugee camps. This paper focuses exclusively on Syrian communities in urban areas. While the sudden influx of refugees has exacerbated already growing levels of residential energy demand in Jordan, the role of Syrian refugees and migrants should not be overstated or assumed to be a primary driver of energy sector challenges. Most of these challenges pre-date the Syrian crisis, and relate to needs for long-term structural changes in energy import and domestic subsidy systems.

According to government statistics, average per capita energy intensity among Syrians living in cities and towns is 25% lower than that of the general population. Many Syrian refugees fall within the lower-income bracket and utilize energy for basic household needs, while some retain higher levels of wealth and general consumption levels.[306] Syrian refugees and migrants on average have a lesser impact on the broad energy challenges in Jordan relative to the core energy users in the country. While, as noted above, there has been a residential energy consumption rise of 9.44% from 2011 to 2012, compared to just 5.9% rise from 2010 to 2011, the share of this attributable to Syrian refugees and forced migrants has yet to be defined in trend analyses.

To ensure access to energy for Syrian refugees and forced migrants, new public expenditures have been made in 2012 and 2013. According to a 2013 assessment by the Ministry of Planning and International Cooperation, Jordan allocated over USD 251 million in 2012 to provide services and basic needs for Syrians in cities and communities in the form of regular expenditures and specific subsidies.[307] A study undertaken by the Electricity Regulatory Commission shows that electricity subsidies to Syrian refugees residing outside camps amounted to JD 44.3 million in 2012[308].

In 2013, the cost of hosting Syrians is expected to reach USD 851.5 million, with the government estimating further needs of USD 152.4 million to further expand public services in 2013 for the growing Syrian population. Of this latter figure, 72% would be needed for energy services, including USD 93.6 million for electricity and USD 16.6 million for household cooking gas.[309]

Jordan's energy challenge for overall rising consumption and insecurity of imports is likely to impact its ability to stabilize energy services in the country until new measures for import diversification and consumption reductions start to show results. Meanwhile, with the situation in Syria likely to be unstable for some time, additional pressures on systems which provide electricity and LPG cooking fuel, including pressures on the energy subsidy systems, will continue, and response measures will be needed in order to secure access to energy for Syrian refugees and migrants. A prolonged stay of Syrians in Jordan's cities and towns into 2014 or beyond, or an accelerated influx in the coming months, could entail a further expansion of energy demand.

III. Response Options

The increased energy demands from Syrian refugees and forced migrants in cities and towns, calls attention to three issues: i.) expanding supply of electricity to households through new grid capacity, ii.) securing extra supplies of LPG for basic household cooking needs, and, iii.) planning to use national energy efficiency gains as a source of new power capacity to address expanded demand from the Syrian crisis.

The government foresees a need to install additional power to meet growing needs related to the crisis in Syria, which are estimated for Syrians in cities and towns to be approximately 225 MW, with

[305] Government of Jordan National Response Plan (2013)
[306] Ministry of Planning and International Cooperation, *Impact of Hosting Syrian Refugees*, October 2013, Amman.
[307] Ministry of Planning and International Cooperation, *Impact of Hosting Syrian Refugees*, October 2013, Amman.
[308] Electricity Regulatory Commission, *Impact of Syrian Refugees outside Camps on the Increase of Electricity Consumption for the Year 2012*.
[309] Ibid.

estimated additional costs at USD 337.5 million.[310] In addition, the Al-Za'atri Camp needs new power capacity of 46 MW costing USD 14 million in capital costs, and USD5.6 million per month in operational costs. The government aldo estimates that expanding access to water in the Al-Za'atri Camp will entail apower demand of 500 kilowatt needed to power two planned wells for the camp, which sits over the country's largest aquifer. Within this process, renewable energy options could be explored based on initial successes by Oxfam in integrating solar public lighting in the Al-Za'atri Camp and by a CIDA-UNOPS project for solar energy in the Azraq Camp.

Given estimated levels of additional power needed to respond to the Syrian crisis (225 MW for cities and 46 MW for the Al-Za'atri Camp), responses can align to and benefit from the new strategic investments planned within Jordan's overall drive for new energy supply and demand measures. For example, rather than developing new import-dependent power capacities based on gas or oil, and given the temporary goals for refugee and migrant communities, a strategic option could be to meet extra loads through gains in energy efficiency. A focus on expediting energy efficiency gains in strategic high-consumption sectors of the economy could free power capacity as a way to balance out new demands from low-income and vulnerable Syrian refugees and forced migrants.

For example, according to the 2013 National Energy Efficiency Action Plan (NEEAP), investment of just USD 7.4 million to procure and replace inefficient lighting with 1.5 million new compact fluorescent lamps in residences during 2013 could immediately reduce power demands in Jordan and free up 72 MW of power by 2014 along with USD 25 million in energy subsidy savings. In another example, investing USD 27.85 million for 30,000 solar water heaters in urban residences in Jordan would reduce power demands by 58 MW and reduce electricity costs by USD 16 million. [311] These two initiatives alone could be rapidly funded and implemented to free up 130 MW of the 225 MW (58%) of new Syrian energy demand. Further expansion of these plans could fully cover all new energy demands expected from the Syrian crisis, and would be of long-term benefit, which would outlast the refugee crisis.

Addressing new demands in ways that do not build up even greater levels of dependence on imported energy would be a strategic approach. Energy efficiency gains could be coupled with rapid expansion of new grid-connected solar energy capacities to cover part of the extra demands from Syrian refugees and forced migrants. The new 2012 Energy Efficiency and Renewable Energy Law enables a more rapid deployment of such solutions. For example, Jordan is already planning a new USD 600 million solar energy investment to generate 100 MW of electricity. Another example is a new wind power station planned at a cost of USD 353 million to produce 117 MW beginning in 2014. Approximately 30 Memoranda of Understanding (MOUs) have been signed between the government and investors, with a cumulative 1,000 MW of renewable energy capacity to be produced across Jordan in the coming five years. A small share of these could be expedited as part of the crisis response to meet the new power loads from refugees and migrants in cities and could also benefit large camps like Al-Za'atri.

Expediting and expanding energy efficiency and renewable energy measures could meet all of the new energy demand from the Syrian crisis and help build local energy independence for long-term benefits to Jordan, that would outlast the short-to medium-term nature of hosting Syrian refugees.

[310] Ibid.
[311] *Jordan National Energy Efficiency Action Plan (NEEAP)*, MED-ENEC Project, Cairo (2013).