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Poverty in Jordan

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Poverty Status

Poverty is defined as the individual's inability to meet the minimum basic needs that guarantee a decent life. The basic needs include: food, clothing, housing, health care, education and transportation. These are the basic needs for the individual to remain alive, maintain his human dignity, and enable him to practice his normal activities. The methodology of measuring poverty in Jordan is the methodology of meeting calorie needs to measure the poverty line and other various indicators. The Household Expenditure and Income Survey (HEIS) is an ideal survey and the main source for measuring poverty indicators.

Stages of Measuring Poverty

This methodology, which relies on calorie needs, consists of five main phases that can be summarized as follows:

First Phase: Assessing the daily calorie requirements for Jordanians, taking into consideration the physiological composition of the body: by gender, age and weight in kilogram. This is in addition to taking into consideration the variance in daily physical activity undertaken by the individual based on his / her characteristics data from the Household Expenditure and Income Survey - 2010.

Second Phase: Assessing the actual calorie intake by individuals through transferring the quantities of consumed food items by the individuals (each in their household) into calories, using pre-prepared calorie transformation coefficients based on data and measurements of the World Food Programme (WFP), in addition to data from of the Ministries of Health and Agriculture, and the Jordanian Food and Drug Corporation.

These coefficients enable the transformation of the food basket of the Jordanian consumers from quantities in kilogram to calories.

Third Phase: Calculating the cost of the single calorie, by dividing the total daily expenditure by individuals on food by the actual calorie intake of the individual.

Fourth Phase: Using the average calorie cost for the lowest expenditure population quintile (first to third deciles), the food poverty line is calculated for every household in the sample by multiplying the average quantity of calorie requirements for the individual according to body weight, age, gender, and daily physical activity, by the average calorie cost. As for the general food poverty line, it is the weighted average calculated for the food poverty lines of all members of the sample.

Fifth Phase: Calculating the non-food poverty line. This line is calculated using the simple linear regression for each dependent variable, which is the amount of the food poverty line at the individual level divided by the average expenditure of the individual on food, and the independent variable, represented by the average annual expenditure of the individual. After identifying the linear regression formula, the annual average expenditure by the individual is estimated when the dependent variable is equal to 100. The result is the estimation of the general poverty line. If the food poverty line is deducted from this, the non-food poverty line is obtained. After that, the non-food poverty line is processed with the economy of scale, derived from the size of the Jordanian household.

Calorie Cost for Every 1000 Calories for the Jordanian Society

The average calories cost was calculated for 2010, which was JD.0.5121 in constant prices (per 1,000 calories) as an average for the Kingdom. Upon dividing the community into five expenditure quintiles (based on the per capita expenditure on all food and non-food goods and services), it was found that the calorie cost increases when moving from the poorest quintile to the richest quintile (Table 1). While the average calorie cost was JD.0.3698 per 1,000 calories for the first quintile (poorest), the average cost was JD.0.7125 per 1,000 calories in the fifth quintile (richest quintile), i.e. double the first quintile (poorest quintile). For purposes of calculating the food poverty line, the average calorie cost for the first quintile (poorest) was calculated, which was JD.0.3698 per 1,000 calories.

Table 1: Average Calorie Cost (in JD) in Real Prices According to Household Expenditure Quintiles in 2010

Quintile	Average Cost per 1,000 Calories for 2010 (JD)
First Quintile	0.3698
Second Quintile	0.4413
Third Quintile	0.4888
Fourth Quintile	0.5483
Fifth Quintile	0.7125
The Kingdom	0.5121

The Spacial Price Index for Consumer Prices

For the purposes of deriving the food poverty line and estimating the general poverty line, the spacial price index for the food and non-food goods was calculated at the governorate level, based on the relative importance of all the goods consumed by the households in each governorate. These were then linked to the prices of those goods to derive the spacial price index for all goods. The aim was to assess the calories cost of each food basket for each governorate, taking into consideration the geographic distribution of the population and the differences in consumption patterns with the difference in relative importance of the consumed goods among the governorates (Table2).

Table 2: Consumer Price Index (Food and non-Food) for the Governorates for the Base Year 2010

Governorate	Food	Non-Food
Amman	106	106
Balqa	97	97
Zarqa	96	96
Madaba	97	97
Irbid	97	97
Mafraq	94	94
Jerash	97	97
Ajloun	96	96
Kerak	96	96
Tafileh	93	93
Ma'an	95	95
Aqaba	95	95
The Kingdom	100	100

The Poverty Line

This is the line separating the income or expenditure of the poor and the non-poor. The individual is considered poor if his / her per capita expenditure is less than the minimum level of the value of basic needs necessary for the individual. The individuals or the households whose expenditure is less than the poverty line are classified as poor and the individuals or the households whose expenditure or income is equal or higher than the poverty line are classified as non-poor.

The poverty line is a method of measuring poverty, based on dividing the relevant community into two categories, poor and non-poor. There are different types of poverty lines, the most important ones are:

a. Abject Poverty Line

This is known as the food poverty line. It is defined as the level of expenditure necessary for the individual to secure the basic food needs that secure him the required calories to practice his usual daily activities and remain alive.

Based on the Household Expenditure and Income Survey of 2010, the absolute poverty line was JD.336 per individual per year at current prices at the Kingdom level.

The Percentage of Abject Poverty in 2010 was 0.32 % at the national level and the number of poor below Food Poverty Line was 19540 individual at the Kingdom level.

b. Absolute Poverty Line

The absolute poverty line is defined as the level of income or expenditure necessary for the individual to secure the food needs and basic non-food needs related to housing, clothing, education, health and transportation.

Based on the Household Expenditure and Income Survey of 2010, the absolute poverty line was JD.814 per individual per year at current prices at the Kingdom level.

Table 3: Value of Abject, Non-food and Absolute Poverty Line for the individual per year at current Prices 2010 (JD).

Governorate	Poverty line		
	Food (Abject)	Non-Food	General (Absolute)
The Kingdom	336	478	814

As for the equity of income distribution, it is measured by the Gini coefficient, which measures the degree of inequality in the distribution of the total income. The closer the equity indicator to zero means more equity, and equity decreases if it is closer to one. Its value was 0.376 in 2010.

Absolute Poverty Incidence

This indicator is called the Head Count ratio which calculates by dividing the population whose expenditure is below the general poverty line by the total population of the Kingdom. The population of the poor according to the 2010 results was specified as those whose per capita expenditure is less than the absolute poverty line of JD.814 per year. Thus, the poverty ratio in Jordan was 14.4% for 2010.

The Poverty Gap Indicator

This indicator reflects the size of the total cash gap that must be filled to elevate the household below the poverty line above it. For purposes of comparison, this gap is calculated as a percentage of the total value of consumption for the entire population when their consumption is equal to the poverty line. It is noted that the poverty gap fulfills one of the required advantages in the poverty indicators, which is the advantage of monotony and similarity. If the income level for any poor individual decreases, then poverty gap increases. The results show that the poverty gap ratio was 3.6% at the Kingdom's level. The cash value of the poverty gap at the Kingdom's level was JD. (176.8) million (the cash value of the poverty gap is defined as the total difference between the poverty line and the per capita expenditure of the poor individual).Table 4.

Table 4: Poverty Gap Ratio by Governorate 2010

Governorate	Poverty Gap Ratio 2010 (%)	Real Cash Value of the Poverty Gap 2010(million JD)
Amman	2.7	51.4
Balqa	5.9	19.7
Zarqa	3.4	24.8
Madaba	3.7	4.7
Irbid	3.6	32.2
Mafraq	5.6	12.9
Jerash	1.2	1.7
Ajloun	6.3	7.5
Kerak	3.7	7.0
Tafileh	3.5	2.3
Ma'an	8.3	7.8
Aqaba	4.3	4.8
Kingdom	3.6	176.8

The Poverty Severity Indicator

This indicator measures the variance in the degree of poverty among the individuals under the poverty line themselves. It is calculated by considering it equal to the mean of the total relative squares of the poverty gaps. The poverty severity indicator is considered a relative measure similar to the linear regression and variance, providing an image of the extent of diversity in poverty levels among the poor themselves. The higher the value of the indicator, the more the variance is. The severity of poverty at the level of the Kingdom was 1.21%. Table 3 shows the severity of poverty indicators by governorate for 2010.

Table 5: Severity of Poverty Indicator by Governorate, 2010

Governorate	Poverty Severity %
Amman	0.86
Balqa	2.10
Zarqa	1.17
Madaba	1.04
Irbid	1.18
Mafraq	2.24
Jerash	0.27
Ajloun	1.95
Kerak	1.31
Tafileh	0.85
Ma'an	3.36
Aqaba	1.48
Kingdom	1.21