



# Evidence Based Policy Review:

## The Jordan Compact

### Background

Since the start of the war in Syria in 2011, nearly 11 million people have been displaced from their homes, resulting in the largest refugee crisis of our time. While more than six million people have been displaced in Syria, millions have fled to neighboring countries, including Jordan. More than

This technical review focuses on the selected evidence base from high quality impact evaluations and systematic reviews for programs. Recognizing that it can be very difficult to extricate the effect of an intervention on a set of outcomes given there are various external, confounding factors in any context, we focus on studies that have established a valid counterfactual to estimate what would have happened to the outcomes if the intervention did not take place. We include systematic reviews to reduce the risk of data being cherry-picked in order to support a presupposed opinion.

This evidence review is not meant to be exhaustive; rather it intends to review a wide range of evidence sources on the following interventions:

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<sup>8</sup> If we look at general impacts of infrastructure (not necessarily tied to public works), there are a few potentially relevant findings. Overall, little is known about what types of infrastructure are most important for urban labor force outcomes. For rural areas, the strongest and most consistent evidence on infrastructure shows that rural road networks can play a role in helping reduce poverty in rural areas and create jobs, and the second strongest and most consistent evidence supports the impact of investments in irrigation infrastructure on rural poverty reduction.<sup>9</sup> Some initial evidence suggests that rural electrification (e.g., expansion of network and improving reliability) tends to improve agricultural productivity and reduce poverty, but the evidence is very mixed, and the success of these programs—especially market-based interventions—cannot be assumed.<sup>10</sup> Similar to energy interventions and reforms, investments in information technology, even when pursued specifically for the purposes of development, are likely to have mixed results on job creation, job stability, and incomes, and benefits tend to accrue to more well-off populations

11

**Work permits.** There is an evidence gap for the impacts of work permits for refugee populations. There is also an evidence gap regarding whether the work refugees participate in after receiving work permits is additive (increases total number of jobs available, rather than displacing local labor) or not. Some promising research (not from impact evaluations or systematic reviews) suggests that in the Jordanian context work done by refugees is additive.<sup>12</sup>

Labor regulations, such as minimum wage, unionization and employee protection legislation, have mixed results on informal and formal employment. High-level policy, such as ratifying conventions from the International Labor Organization (ILO), also do not have consistent, positive impacts on employment as ensuring implementation of such policies can be difficult.

In addition, when designing work permit or labor regulations, it is important to consider how vulnerable communities choose to support themselves. For example, evidence shows that most poor households in low-income countries rely on portfolios of work rather than single jobs for income generation.<sup>13</sup> This could have important implications for the design of work permit policies.

**Trade liberalization.** Trade liberalization policies, which are designed to remove or reduce restrictions to promote free trade among countries, have shown to have substantial impacts on poverty reduction. However, evidence is context-specific (primarily in sub-Saharan Africa) and there is limited evidence showing such policies support job creation. Findings show that there is evidence on fiscal policy (e.g. increases in infrastructure or other government spending) affecting poverty reduction, but there is a gap in evidence on the impact of labor market reforms, privatization, and land reforms.<sup>14</sup> Tax simplification, which can be a related component of trade liberalization policies, has also shown to improve business outcomes, such as performance, ability to create jobs, labor productivity, and ability to invest in some countries, but the impact has been very small-scale.<sup>15</sup> It is not clear to what extent trade liberalization policies alone would foster job creation or increase incomes.

**Opening economic activity in refugee camps.** There is an is(y)1s1(uch )-41(p)11 0 0 1 46r(s33 711.ETqQB1



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