Conducting Market Systems Programming in Jordan: Background and Context

JORDAN VALLEY LINKS

MEDA
Creating business solutions to poverty

Canada
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Introduction

The Hashemite Kingdom of Jordan occupies a unique position in the Middle East. Geographically speaking, Jordan has a distinctive role to play given its proximity to regional conflicts. Acting as a linchpin for regional security, the Kingdom has strategically placed itself at the forefront of discussions on peace and stability and has become a moderating force throughout the region. Some of the Kingdom’s strongest assets are its youth and women, who represent a tremendous source of underutilized innovation, labour, and knowledge. Current literature about labour market participation and civic engagement showcases several opportunities for women and youth to improve their access to resources while also contributing to their communities and solidifying Jordan’s leadership in the Middle East.

This paper documents some of Jordan’s key economic challenges and how they impact Jordanian women and youth, as well as the efforts to alleviate issues that have stemmed from – or have been exacerbated by – these challenges. Emphasis will be placed on issues relating to education, employment, gender, and the divide between the public and private sectors. Overall, this will help illustrate the context in which MEDA’s Jordan Valley Links project operates and, where appropriate, the implications for MEDA and other organizations conducting programming in the country.

Jordan Valley Links

Jordan Valley Links (JVL) is a project operating in the Jordan Valley with support from Global Affairs Canada and MEDA donors. Through our local partners, JVL aims to assist up to 25,000 women and youth entrepreneurs (WYEs) in managing their own businesses, which will contribute to Jordan’s economic growth. Women and youth are supported with training and mentorship to improve their business acumen and are linked to markets where they can sell their products and services. JVL has partnerships with organizations and companies to support WYEs in the following sectors: clean technology, community-based tourism, food processing, and access to finance.
Challenges Facing Jordan’s Economy

Jordan’s economy is dominated by the public sector, employing 39% of Jordanians in 2016.\(^1\) By contrast, approximately 20% of the Canadian labour force was employed through the public sector in January 2020.\(^2\) The reasons behind Jordan’s strong preference for employment in the public sector employment over the private sector are multifaceted and encompass societal, cultural, and political circumstances. This section will outline the challenges currently faced by Jordan’s economy, with specific examples from the tourism sector, an important industry which accounts for approximately 10% of the country’s gross domestic product\(^3\) and one of the sectors supported by the Jordan Valley Links project.

Geopolitical Context

In 2016, the manufacturing and agriculture sectors accounted for 18.17%\(^4\) and 4%\(^5\) of the GDP, respectively. Historically, a strong trading relationship with Iraq and Syria contributed heavily to Jordan’s economic growth. For years, Jordanian goods travelled through Syria on their way to Lebanese ports for export to European and international markets. The Arab Spring and the ongoing instability in Syria and Iraq have interrupted these relationships and contributed to a decline in profits for manufacturers and farmers. Both industrial and agricultural exports have slowed as a result of the closure of Jordan’s borders with Iraq and Syria. Companies

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2. Statistics Canada. [Table 14-10-0288-01. Employment by class of worker, monthly, seasonally adjusted and unadjusted, last 5 months (x 1,000).](http://www150.statcan.gc.ca/n1/tbl1/14-10-0288-01-eng.htm)
are compelled to ship goods through the Suez Canal, a more expensive and less direct route than land routes to Lebanese or Syrian ports, which has placed a significant strain on Jordan’s ability to export goods.⁶

Recent developments provide hope for improved conditions for Jordanian citizens and the economy overall.⁷ Jordan has improved trade relations with neighbouring countries, particularly Iraq and Syria. The Nassib border crossing between Jordan and Syria, first closed in 2015, reopened in October 2018 for the transit of goods and people. While traffic is limited at this time, this move could lead to a reopening of trade routes that once carried billions of dollars of goods and could enrich several countries in the region, including Jordan.⁸ The London Initiative, launched in February 2019, signifies a larger push for a more attractive investment climate in Jordan as well as increased international and private sector funding that ensures Jordan’s economic growth is in line with the Sustainable Development Goals (SDGs).⁹

Organizations conducting programming in Jordan must grapple with the barriers and constraints detailed above. There are many different entry points for programming, and each have different results and implications. For example, some initiatives support larger and export-ready companies, while others – such as JVL – work with micro and smaller enterprises. Even though these sell to predominantly local markets, they are impacted by regional limitations (e.g., the ability to source high quality, environmentally friendly packaging) and they therefore must contend with shifting trade routes and geopolitical developments.

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⁶ Abu Allen et.al. (2018)
⁷ This paper was written before the coronavirus pandemic, which is likely to impact all facets of life in ways that are difficult to predict.
⁸ https://www.reuters.com/article/us-mideast-crisis-syria-jordan-idUSKCN1MP0L4
⁹ https://jordaningoforum.org/2019/02/18/position-paper-jif-london-initiative-for-jordan
Case Study: Tourism Industry

Successive regional conflicts, including the 2003 Iraq war and the ongoing violence in Syria and Iraq, have heavily impacted Jordan's tourism industry and caused tourist numbers to decrease. As of 2016, however, tourism in Jordan is on the rise again, with 8 to 10% annual growth in the industry. As tourists return to Jordan, ecotourism has emerged as an increasingly popular option, as global awareness of travel’s environmental impact has increased in recent years. Jordan provides a model for ecotourism enterprises and is one of the few Middle Eastern countries currently supporting such endeavours. Jordan was among the first countries in the region to pioneer ecotourism initiatives, with the establishment of the Dana Biosphere through the patronage of the Royal Society for the Conservation of Nature (RSCN) in 1993. Environmental degradation (such as the scarcity of water or decline in animal populations) have created a range of opportunities for the expansion of the ecotourism sector and for small and medium-sized enterprises (SMEs) that benefit from activities in this sector. According to statistics provided by RSCN, ecotourism projects in Jordan generated approximately JOD 1.5 million (CAD $2.8m) in 2015 with 175,000 visitors to nature reserves throughout the country (65% of whom were international travellers). As noted earlier, this paper was written in early 2020, before the onset of COVID19. Sadly, this is likely to have devastating effects on the tourism industry and the Jordanian economy as a whole.

Potential Programming Approaches: JVL supports the growing trend in ecotourism by building sustainable partnerships which not only encourage tourism in underserved areas of the Jordan Valley but also contribute to the economic growth of local communities. One prominent example can be seen with our partnership with Feynan EcoLodge, located in the Dana Biosphere. JVL invested in the installation of a photovoltaic cell (PVC) system which will power heating during cool winter nights and cooling during the hot summer. This will improve the lodge’s occupancy rate during the slower months of the year, typically summer months when the climate is very hot and dry, which will help foster demand for complementary services provided to the EcoLodge by local businesses such as food preparation, laundry, and transportation.

10 The tourism sector’s performance indicators showed a rise in the number of overnight tourists, which reached about 860,000 by the end of November 2018, constituting an increase of 8 per cent compared with the same period of 2017, while the number of one-day visitors was 721,325, up by 7.8 per cent from the same period last year. [Link to article]

‘Wasta’ and Its Impact on the Business and Political Climate

Loosely translated, *wasta* (واسطة) is an Arabic term meaning nepotism, mainly referring to the act of using connections in order to streamline certain processes such as renewing a licence or getting hired or promoted at a job. In the Middle East, *wasta* is a hugely influential factor in the labour market as well as in everyday life. It often affects how individuals interact with their government and the methods they use to attain the services and support that they require.

*Wasta* was originally used in Jordan as a method of retaining tribal loyalties to the monarchy to maintain state security and stability. Early monarchs such as King Abdullah I (reigned 1921-1951) and King Hussein (reigned 1952-1999) garnered support from local tribes in the region through the promise of public service positions, which were considered prestigious and a way to rise through the social ranks. This “Hashemite Compact,” named for the monarchy that began with King Abdullah I and continues with the present day King Abdullah II, acts as a way to ensure economic and social security for the population through mutually beneficial interdependence between the monarchy and select groups of supporters. This has contributed to a political system that favours tribal identities and attracts representatives who maintain policies that benefit select groups of people.

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12 *Wasta* does not necessarily have the same negative connotations as nepotism does in English, but this is a common translation.


Though originally envisioned as a way of maintaining stability, the social contract may now be fueling discontent. Hesitation towards enacting meaningful reform of the system of *wasta* feeds into growing mistrust towards authority and the ability of the government to look out for the interests of its citizens. This phenomenon is present throughout many countries in the MENA region. A 2015 World Bank report shows that local governments tend to be constrained by time commitments, limited resources, and a lack of oversight over their activities.\textsuperscript{15} Limited mandates and lack of autonomy in overseeing projects makes the process of creating tangible results challenging. Civil society organizations (CSOs) typically have little authority to press for government action and when trying to access services and support, people tend to rely on more informal networks of familial or collegial connections. While local politicians hold considerable influence, they tend to apply their influence unequally, favouring those with whom they have personal connections.

**Programmatic Challenges:** This reliance on informal networking and privileged access to services has an adverse effect on the economy as well as the political system. It leaves Jordanians who lack well-established and well-connected networks of acquaintances with little means of accessing the services or assistance that they require. For newcomers and foreign investors, establishing and developing business relationships are difficult, as time needs to be spent to maintain the social connections that make it possible.\textsuperscript{16} This ultimately hurts the international competitiveness of the private sector and presents potential barriers to international organizations operating in the country. While there are some security benefits for such a system, it is ultimately counterproductive in the long term as it weakens the state apparatus, reduces the rights of political actors, and may reduce accountability for elected or appointed officials.

**Change in the Kingdom**

Over the past decade, there has been considerable effort by government and NGO programs to address Jordan’s economic issues and encourage the Kingdom’s youth to realize their full potential. While Jordan was able to remain stable during the Arab Spring protests in 2011, the concessions made by the government did little to alleviate the problems that exist to this day. This section will provide details on important topics that are intertwined with Jordan’s economic security. The Kingdom’s education system has been the subject of much discussion, specifically its ability to prepare youth for the demands of employment and citizenship. Furthermore, women face challenges

\textsuperscript{15} https://openknowledge.worldbank.org/handle/10986/21607

in participating fully in the economy, undermining the potential that they bring to the labour market. The refugee crisis has also exacerbated these issues and puts further strain on resources and the labour market in the Kingdom (see textbox on “Refugees in Jordan”).

**Education**

A large percentage of Jordan’s population attends post-secondary institutions. Approximately 90,000 students registered for university in 2015 alone. Despite having a highly educated population, Jordan’s labour market demands do not match the skills being developed in higher education, contributing to an ongoing education / skills mismatch.

Youth unemployment continues to rise: as of September 2019, 32.5% of male youth and 54.6% of female youth are unemployed. Without relevant employment opportunities in Jordan, young educated Jordanians tend to apply for jobs outside of their field of expertise (i.e., in the service and retail sectors) or look for work abroad. Those who can afford to do so often wait for their ‘dream job’ – sometimes for months or even years. This leads to a situation where human capital is not being utilized effectively.

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**Refugees in Jordan**

As of March 2020, 656,246 Syrians have been registered with the UNHCR as residents of Jordan, a country of only 9.7 million people. This number is considerably smaller than the number of refugees who began entering Jordan in 2011, as many Syrians are now beginning to return home. In addition, the vast majority of Syrians in Jordan do not reside in refugee camps but live amongst host communities throughout the country where they regularly interact with the Jordanian labour market.

Jordan has made significant advances in increasing labour market access to refugees through its Jordan Compact initiative. Not only have work permits been provided to more refugees but considerable effort has also been made to ensure the refugees have further access to diverse types of employment in their host communities.

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19 [https://www.cgdev.org/blog/jordan-compact-three-years-on](https://www.cgdev.org/blog/jordan-compact-three-years-on)
in-country and where other countries are benefitting from the government’s investment in their most important demographic.

Critics have proposed improvements in curricula and pedagogy to encourage critical thinking skills, civic engagement, and business skills. A concerted effort has been made to revitalize education in Jordan and ensure that youth are being properly prepared for the labour market. The National Employment Strategy (NES), written shortly after the Arab Spring protests in 2011, was designed to identify problems and build strategies to alleviate them. Key elements of the NES are:

- gradually replacing foreign workers with Jordanians;
- supporting employment programs, vocational training and investment in ‘entrepreneur culture’; and
- supporting workers’ rights (social security, insurance, etc.).

While this marked a recognition of fundamental barriers to quality employment for youth, little progress has been achieved. The government’s “Vision 2025”, published in 2015, establishes a national strategy to establish frameworks for social and economic policy development in Jordan. The end goal of Vision 2025 is to improve service delivery to citizens, awareness of civic responsibilities, and fiscal sustainability. It also reiterates the need for a stronger commitment to decreasing the youth unemployment rate through numerous policy objectives, including:

- media campaigns promoting vocational training;
- employment and training for people with disabilities, youth, and women; and
- building a labour market information database for more responsive labour market policies.

King Abdullah II references youth unemployment and the importance of investing in relevant education frequently in speeches and discussion papers. He has placed significant importance on incorporating modern teaching methods and resources into the national curriculum in order to better prepare students for the demands of the job market. Underlying all of this is a need for educational institutions and training centres in Jordan to instill critical thinking skills for youth to become better citizens.

**Programming Opportunity:** MEDA-JVL has identified a major opportunity in Jordan’s Clean Technology (CT) sector and, with assistance from its local partners, has supported women and youth to enter this quickly growing field through training programs and linkages to suppliers and markets. This allows young Jordanians the opportunity to use

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22 See for example: https://kingabdullah.jo/en/discussion-papers/developing-human-resources-and-education-imperative-jordan%E2%80%99s-progress
their skills and knowledge in a way that benefits their country in the long-term. MEDA-JVL seeks out entrepreneurial women and youth and supports them to become sales representatives for CT companies, promoting and distributing products such as household items such as energy efficient bulbs and photovoltaic cells to end clients. Younger people are well-suited for this as they have credibility presenting themselves as experts in any field related to technology.

**Gender**

The economic participation of women in Jordan is constrained by several social and cultural factors. Jordan boasts a high rate of women graduates with post-secondary education. Despite this, women entering the labour force suffer from many of the same aforementioned issues facing youth (i.e., a mismatch between education and job market demands – see Education section, above). Despite being highly educated, societal expectations and obligations often hinder Jordanian women from securing meaningful employment and entrepreneurial opportunities.

Around 13% of women are currently formally employed in the labour market, despite comprising approximately 56% of university graduates. Lack of adequate employment appears to be the official reasoning, but it should be noted that many women opt for other economic activities due to societal expectations. Due to the informal nature of these other economic activities, such as home-based catering, the actual percentage of women informally involved in income-generating activities may be much higher. Among women of aged 25-39, unemployment rates sit at 56.8%, much higher than the 37% unemployment rate their male counterparts face/the 41.6% average unemployment rate across the country. The discrepancy between these numbers, including the contrast between the percentage of women in the formal labour market and those who are involved in informal economic activity, highlight what may be an underlying barrier preventing women from engaging within the formal labour market.

These statistics only include women who are involved in the formal labour market, and do not involve women involved with any other economic activity, particularly informal income-generating activities such as pickling or catering services. Despite these individuals generating an income and financially contributing to families and communities, their exclusion from the formal labour market only reinforces the marginalization faced by women. For example, informal economic income is neither taxed nor are deductions made for social services. Without these women’s income contributing to social services

23 https://www2.unwomen.org/-/media/field%20office%20jordan/attachments/publications/livelihoods%20unw%20temp.pdf?la=en&vs=4928
24 https://carnegieendowment.org/sada/74796
25 http://www.dos.gov.jo/owa-user/owa/emp_unemp_y.show_tables1_y?lang=E&year1=2018&t_no=41
such as social security, for example, these women are often unable to benefit from the state’s social protections, benefits, and resources.

Like their counterparts around the world, economically active women in Jordan experience the ‘triple burden’ of productive work (earning income, either through formal or informal sector work), reproductive work (including domestic work, caring for children and family members) and social or community management work (organizing and managing collective resources such as water and healthcare). In most societies, women take on all three of these roles, while men typically take on economic and community or political work, roles which bring greater income, status and power. Women’s roles tend to be less visible and less valued as ‘real’ work. They are also frequently more labour intensive, reducing the amount of time available for economic and other activities.

Prevailing social attitudes play a large role in women’s economic participation. The family unit occupies a central place in society and may exacerbate women’s challenges in accessing the labour market. Traditionally, men serve as the ‘head’ of the household, providing financially and serving as spiritual and social leaders for their families, while women are caretakers of the household.26 In more conservative communities, women may be restricted engaging only in unpaid, reproductive, social, or community work.

The current economic challenges facing Jordanians, however, have necessitated women’s engagement with productive work to supplement their male counterpart’s income. This reality is not always readily accepted, with social norms around accepted ‘female’ gender roles within the community hindering her ability to engage with the labour market, either through formal labour or even informal income-generating activities. In some cases, a woman’s husband or father may directly oppose her involvement in economic activities and, in a community-focused culture such as Jordan’s, the implications of going against the family structure may have social and societal implications beyond economic challenges that a woman may not wish to face.

When women do engage in formal labour, they may be typecast into roles that are ‘caring’: occupational segregation tends to concentrate working women in sectors such as education, health and social services, and public administration, fields considered culturally ‘appropriate’ for women.27 These sectors typically have little growth or upward mobility which negatively affects women’s employment prospects.28 These roles typically generate lower income than other sectors (such as finance or engineering), and as such,

27 Jordan National Commission for Women (2014)
28 Ibid.
women may struggle to fully benefit from their engagement within the labour market due to limited roles and income.

Perceptions about the overall productivity of women workers also affect their participation, as women are viewed as less capable of performing the same duties as men and are thus more likely to be overlooked for employment or advancement.\(^{29}\) Employers also tend to prefer male employees over female employees, sometimes citing reasons such as men prioritizing work whereas women are more likely to prioritize family, making them less effective employees, which adds to the frustration.

**Programming Opportunities:** Understanding that women are often already involved in unremunerated work such as cooking and catering, JVL has supported women in formalizing their existing unpaid labour into paid opportunities. JVL has accomplished this by creating market linkages, delivering training, and providing mentorship to women entrepreneurs.

Secondly, bearing in mind the social and cultural barriers facing women, JVL aimed to move beyond simply engaging women in income-generating activities and has worked to shift societal attitudes towards women’s labour. JVL has launched gender dialogues to address the cultural barriers that may prevent women’s involvement in economic activity and measured the success of the work of the project beyond statistic indicators by

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integrating Gender Progress Markers to measure attitude changes within communities towards women’s labour.\textsuperscript{30}

Women’s economic empowerment is a central pillar of JVL’s activities. Working with community leaders and local partners, JVL aims to build the capacity of women entrepreneurs and reduce their barriers to entry for registering and managing their own businesses. Convincing communities of the value of women’s labour both inside and outside of the home is a major step towards a more inclusive economy.

**Conclusion**

Jordan lies in the middle of a region struggling with civil strife, economic hardship, and environmental issues. Despite this, Jordan can act as a role model in the region by addressing its most pressing issues (i.e. youth unemployment, environmental degradation, women’s rights, etc.) through reformatory measures and facilitating national discussions on barriers that are impeding opportunities for growth. Already, there is evidence of change occurring in Jordan through domestic and international measures such as the National Employment Strategy and the Jordan Compact. The Kingdom has proven a calming force and a willing broker for peace and stability with its regional partners. By capitalizing on the advances made by local activists, organizations can amplify the effects and create sustainable impacts – economically and socially.

There are a plethora or programming opportunities available to development organization operating in Jordan. However, it requires a thorough understanding of the social, political, and economic conditions currently in place. Project activities need to account for these conditions if they ever wish to establish a foothold and build trust with their targeted communities. Of particular note are opportunities that seek to address issues surrounding high youth unemployment and gender disparity in the labour force. Projects such as JVL have already proven the value of understanding local contexts and respecting the lived experiences of individuals in order to add value to project activities. Incorporating cross-cutting themes (i.e. gender, environment, etc.) into project design aids in making a project more applicable to a wider range of audiences.

\textsuperscript{30} Gender Progress Markers are a methodology for understanding the social dynamics in communities and collecting qualitative information to measure change. For more information, see the JVL learning paper on this topic: *Listening to Client Voices: Jordan Valley Links Adopts Gender Progress Markers*. 
REFERENCES


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