

Another Side to the Story Jordan

A Market Assessment of Refugee, Migrant, and Jordanian-owned Businesses

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LIST OF ACRONYMS

DTF	Distance to Frontier
EFTA	European Free Trade Association
EU	European Union
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit
GAFTA	Grain and Free Trade Association
INGOs	International non-governmental organizations
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social, and Cultural Rights
NGOs	Non-governmental organizations
JIC	Jordan Investment Commission
JLMPS	Jordan Labor Market Panel Survey
KSA	Kingdom of Saudi Arabia
MENA	Middle East and North Africa
MOU	Memorandum of Understanding
MSMEs	Micro, Small and Medium Sized-Enterprises
ODA	Official Development Assistance
OSF	Open Society Foundations
QIZ	Qualifying Industrial Zone
ROO	Rules of Origin
RSD	Refugee Status Determination
SEZ	Special Economic Zones
SMEs	Small and Medium Sized-Enterprises
UNDP	United Nations Development Program
UNCAT	United Nations Convention Against Torture
UNHCR	United Nations High Commissioner for Refugees
US	United States
UAE	United Arab Emirates
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Building Markets is a nonprofit organization that creates jobs and encourages economic growth in crisis-affected countries by connecting local small and medium-sized enterprises (SMEs) to supply chains and investment. Through its approach, the organization has profiled and built a network of more than 24,000 local SMEs, assisted those businesses in winning \$1.3 billion in contracts, and helped create over 70,000 jobs.

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Building Markets is headquartered in New York City and has offices in Jordan, Myanmar, and Turkey.

PREFACE AND ACKNOWLEDGMENTS

Field research for this project began on September 1, 2018 and concluded on December 23, 2018. Unless otherwise noted, all figures are in United States dollars.

Importantly, while this report attempts to offer a broad view of small and medium-sized enterprises (SMEs) operating in Jordan's private sector, it is not a representative sample. The purpose of the report is to identify businesses best positioned for scale, linkages, and investment in order to accelerate Jordan's ability to generate the economic dividends and jobs needed to move the country to a position of stability and growth.

The authors of this report wish to gratefully acknowledge the important contributions and participation of the many individuals without whom this research could not have been undertaken: The Government of Jordan, including Feras Momani (Director of the Jordan Company Project Management Unit, Ministry of Planning and International Cooperation) and Omar Asfour (Trade Lead, Ministry of Planning and International Cooperation). In addition, the entire Building Markets Jordan team in New York and in Amman – in particular, Mohammad Khader, Rasha Alhussaini, Sultan Ammari, Tawfiq Jarrar, Fatima Kamran, and Qutaiba Idlbi. And last, but certainly not least, a debt of gratitude to all of the stakeholders and local companies who contributed their time, expertise, and efforts to help see this project through to its completion.

EXECUTIVE SUMMARY

In just eight years, 1.4 million forced migrants have arrived in Jordan, making roughly 1 in 14 people in the country a refugee. This influx, along with ongoing regional instability, has meant historic unemployment rates, disrupted trade with key markets, and stagnated economic growth. In addition, the majority of Jordan's refugees live in urban areas, which has increased competition for finite resources and job opportunities—creating tensions between refugee and host communities. Given its precarious position, if these issues are not addressed, the country may be further exposed to social and economic volatility that affects Jordan and the surrounding region.

However, Jordan's small and medium-sized enterprises tell another story.

Jordan's small and medium-sized enterprises (SMEs), which constitute 97 per cent of businesses in the country's private sector, are not only demonstrating optimism about the future, they are also responding to new demands by the refugee community and supplying much needed livelihoods. In fact, this research found that Jordanian-owned and refugee/migrant-owned SMEs are creating on average 15 and 18 jobs, per annum, respectively. Compared to micro or large enterprises, SMEs are also hiring more people who were not previously working, bringing a higher percentage of unemployed individuals into Jordan's workforce.

Alongside this, the government has made important progress upgrading the country's economic infrastructure, which has been aided by openness to trade and investment. Internationally, Jordan has received unprecedented support and interest from donors, the private sector, and investors. Jordan is also emerging as a technology hub, has a dynamic young population, and its financial services and regulatory landscape are continuously improving. Further, the country has been one of the most progressive governments in the region in terms of the refugee response, making concerted policy efforts to turn the crisis into an opportunity that can benefit all.

With an enabling environment, and a local private sector that can capture market demand, Jordan is positioned to not only generate the social and economic dividends that can place the country on a path of prosperity, it can also become a leader in the region. However, to unleash this potential, Jordan's SMEs and entrepreneurs cannot be ignored; this includes refugee newcomers who have brought with them new talents, networks, businesses, and skills.

This report provides an overview of the Jordan market while shining a light on these firms, their contributions, and how they can be better positioned to spur Jordan's recovery and growth.

Highlights and Key Findings

At a Glance

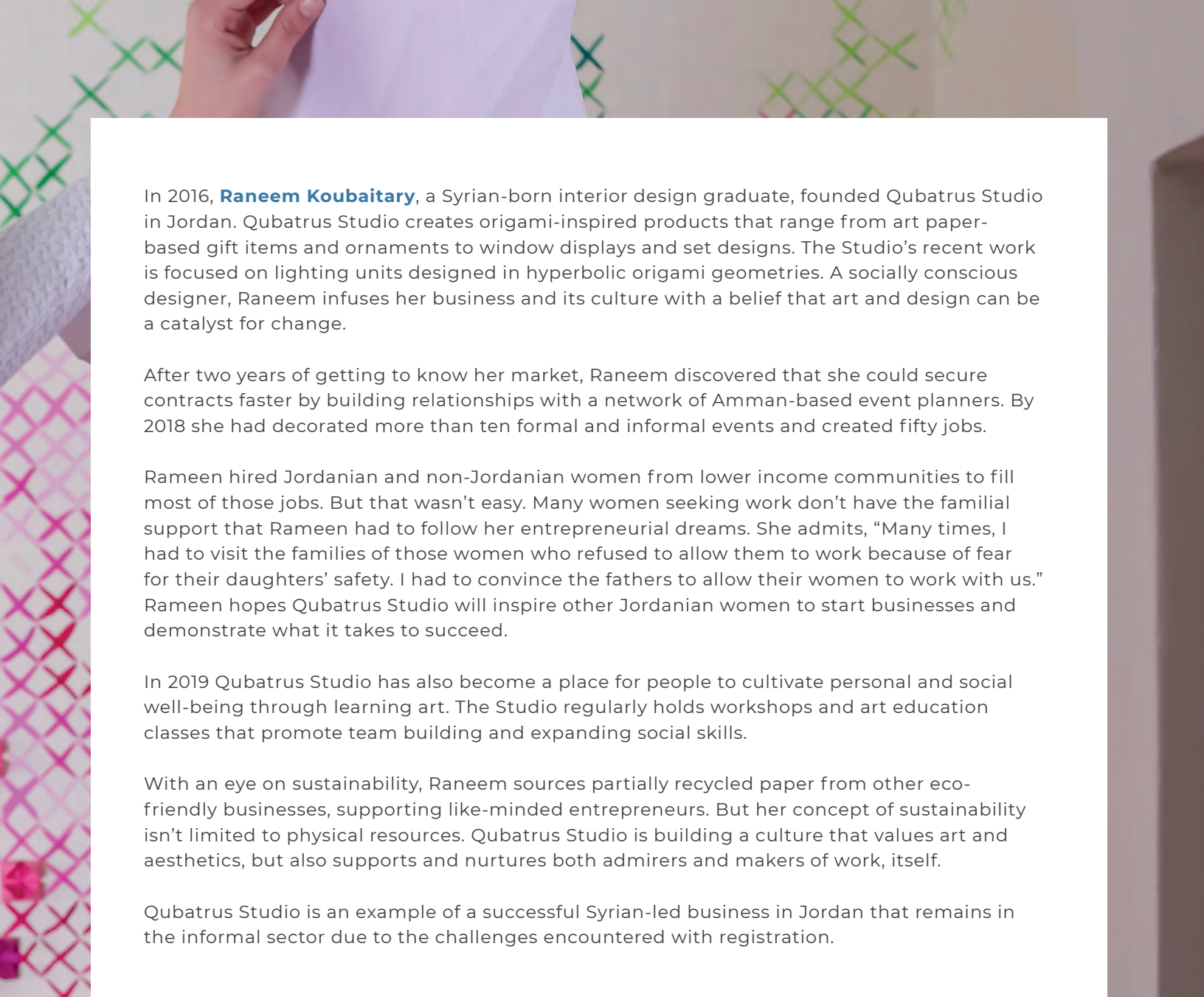
- This research surveyed 309 enterprises – 67 micro, 219 small/medium, and 23 large – of which 184 were Jordanian-owned, 23 were refugee-owned, and 102 were migrant-owned.
- SMEs fell into a range of sectors. The top four were manufacturing (50 per cent), other service activities (15 per cent), information and communication (13 per cent), and wholesale and retail trade (7 per cent).
- Compared to Jordanian-owned SMEs, refugee/migrant-owned businesses list “production manufacturing” as their primary operational model at more than twice the rate (74 per cent to 35 per cent). Conversely, more than twice as many Jordanian businesses list “services” as their primary operational model (48 per cent to 20 per cent).
- Ten per cent of refugee/migrant-owned businesses and 25 per cent of Jordanian businesses work in tech sectors or in sectors that intersect with technology (such as manufacturing computer components or selling computer software).
- SMEs were the most optimistic group in the sample in terms of expectations for growth in the short term, with 61 per cent expecting their profits to increase in the next six months, and 58 per cent expecting to hire more employees.
- Of the 309 SMEs surveyed, 219 (71 per cent) have between 5 and 100 full-time employees; 100 of these businesses have refugees or migrants in their ownership.
- Overall, 59 per cent of SMEs expect to hire an average of 14 people in the next six months.
- Eighty-five per cent of refugee/migrant-owned businesses employ refugees or migrants; 38 per cent of Jordanian businesses do the same.
- Fifty-three per cent of the owners of SMEs in this study are migrants and an additional nine per cent are refugees, and 21 refugee/migrant entrepreneurs stated they owned a business prior to coming to Jordan, with an average of 86 employees.
- Ten per cent of owners at refugee/migrant-owned SMEs are female compared with 25 per cent at Jordanian-owned SMEs.
- Forty-five per cent of refugee/migrant-owned businesses have at least one refugee or migrant manager while less than one per cent of Jordanian businesses do. However, 25 per cent of Jordanian-owned businesses employ women as managers, as opposed to just 10 per cent of refugee/migrant-owned businesses.

Challenges and Needs

- The biggest challenges facing SMEs differ slightly between Jordanian and refugee/migrant owners. Both Jordanian and refugee/migrant owners cited “government laws and policies” as their top concern. For Jordanian owners, this was followed by “difficultly accessing finance” (11 per cent for Jordanian versus 6 per cent for refugee/migrant-owned SMEs); however for refugee/migrant owners this was followed by “high operating expenses” (15 per cent for Jordanian versus 7 per cent refugee/migrant-owned SMEs).



Raneem Koubaitary



In 2016, **Raneem Koubaitary**, a Syrian-born interior design graduate, founded Qubatrus Studio in Jordan. Qubatrus Studio creates origami-inspired products that range from art paper-based gift items and ornaments to window displays and set designs. The Studio's recent work is focused on lighting units designed in hyperbolic origami geometries. A socially conscious designer, Raneem infuses her business and its culture with a belief that art and design can be a catalyst for change.

After two years of getting to know her market, Raneem discovered that she could secure contracts faster by building relationships with a network of Amman-based event planners. By 2018 she had decorated more than ten formal and informal events and created fifty jobs.

Raneem hired Jordanian and non-Jordanian women from lower income communities to fill most of those jobs. But that wasn't easy. Many women seeking work don't have the familial support that Raneem had to follow her entrepreneurial dreams. She admits, "Many times, I had to visit the families of those women who refused to allow them to work because of fear for their daughters' safety. I had to convince the fathers to allow their women to work with us." Raneem hopes Qubatrus Studio will inspire other Jordanian women to start businesses and demonstrate what it takes to succeed.

In 2019 Qubatrus Studio has also become a place for people to cultivate personal and social well-being through learning art. The Studio regularly holds workshops and art education classes that promote team building and expanding social skills.

With an eye on sustainability, Raneem sources partially recycled paper from other eco-friendly businesses, supporting like-minded entrepreneurs. But her concept of sustainability isn't limited to physical resources. Qubatrus Studio is building a culture that values art and aesthetics, but also supports and nurtures both admirers and makers of work, itself.

Qubatrus Studio is an example of a successful Syrian-led business in Jordan that remains in the informal sector due to the challenges encountered with registration.

Company: Qubatrus Studio

Owner: Raneem Koubaitary

Informal Business

Photos: None

Website: <https://qubatrus.com/our-team/>

1

INTRODUCTION AND CONTEXT

While the Hashemite Kingdom of Jordan has taken significant steps to improve its private sector, reform its education and health system, and build private–public partnerships, regional conflict and forced displacement in the Middle East and North Africa (MENA) region has made Jordan home to the second largest refugee population, per capita, in the world. This influx has also overstretched an already strained infrastructure and distorted the labor market.

With scarce resources and high unemployment and poverty rates, the risk for social friction and exploitation of vulnerable groups has increased. This challenge has also created an opportunity for Jordan and its partners to take a long-term view, leveraging host and refugee capacity to contribute to the country's productivity, development, and to help offset the cost of the crisis.

1.1 Recent Economic Context

Supported by liberal economic policies, Jordan's economy witnessed a boom between 1999 and 2009, which included an annual growth rate of eight per cent, but this progress was interrupted by two sequential events. The first was the financial crisis of 2009, causing a severe decline in growth; the second event was the influx of more than a million refugees following the eruption of the Syrian war in 2011. Today, Jordan's Gross Domestic Product (GDP) growth rate is stagnant at an average of two per cent, its unemployment rate is 18.7 per cent, and there has been a rise in public debt that is estimated at 95.9 per cent of the country's total GDP.

Political instability and conflict in the region have also hurt Jordan's primary trade markets. Exports from Jordan to Iraq dropped by nearly half from 2006 to 2016 (11.57 per cent to 6.58 per cent), while export markets to Syria dropped from 4.91 per cent to almost zero in 2016. Aside from direct trade with Jordan, Syria was a transit route to Europe. By 2016, trade with other neighboring countries such as the Kingdom of Saudi Arabia jumped from 6.6 per cent in 2006 to 13.1 per cent; however, economic activity continued to be slow due to limited access to new markets and an increase in the cost of production and transportation. This includes rising oil prices, which jumped from \$27.6 a barrel in 2000 to \$71.2 in 2018.

These setbacks have led to a rise in aid to Jordan. In 2017, the country received nearly \$3 billion in official development assistance (ODA) – almost double what it received in 2013. The three-year average of net ODA received was \$2.5 billion, or 2 per cent of all ODA globally. In 2016-17, Jordan's top three donors were the United States (US), United Arab Emirates (UAE), and Germany. By sector, 51 per cent of ODA supported other social infrastructure, followed by humanitarian aid (18 per cent), and education (13 per cent).

Table 1– Jordan ODA Receipts and Top Donors

Net ODA Receipts (USD million) 2013 - 2017				
2012	2014	2015	2016	2017
1,400	2,697	2,152	2,738	2,921
Receipts for Jordan				Top 10 Donors for Jordan 2016-17 average, USDm
	2015	2016	2017	
Net ODA (USD million)	2,151.8	2,738.4	2,920.7	United States 891.8
Net ODA/GNI (%)	5.8	7.1	7.3	United Arab Emirates 352.9
Gross ODA (USD million)	2,390.1	2,995.3	3,184.0	Germany 269.0
Bilateral share (gross ODA) (%)	82.1	83.9	83.6	EU Institutions 240.7
Total net receipts (USD million)	3,436.1	3,364.1	3,528.3	France 237.9
				Japan 213.7
				Kuwait 203.6
				UNRWA 186.5
				United Kingdom 157.3
				Canada 74.2
For reference	2015	2016	2017	
Population	9	9	10	
GNI per capita	3,890	3,920	3,980	

In fiscal year 2019, Jordan’s request for total foreign assistance from the US alone is \$1.27 bn. The top three categories of support are: 1) economic development – 48 per cent (or \$613.8m); 2) peace and security – 29 per cent (or \$364.2m); and health – 15 per cent (or \$185m).

Foreign assistance can play a critical role in filling capacity gaps, strengthening infrastructure, and providing goods and services, yet if it is not used to catalyze local, sustainable solutions, it may create further economic challenges in the long run. For example, a recent study by international development company DAI found that an increase in foreign aid of \$100 million would lead to a 1.3 per cent boost in jobs in Jordan, while creating an extra 1,000 Jordanian firms would lead to a 1.93 per cent increase in jobs.

1.2 The Refugee Influx – too Little for too Many

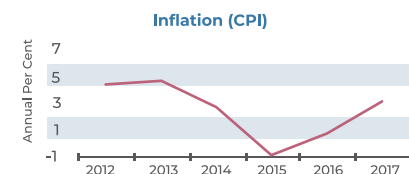
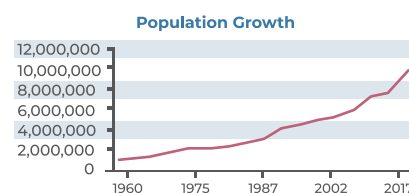
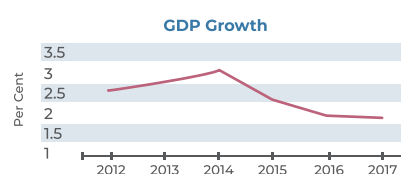
Since 2011, Jordan has taken in an estimated 1.4 million Syrian refugees of which approximately 671,589 are registered with the United Nations High Commissioner for Refugees (UNHCR). When refugees registered under UNHCR are combined with those registered with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), 1 in every 3 people in Jordan is a refugee.

Table 2 – Population Distribution

Population Distribution							
Jordanian	Other Nationalities						
	Syrian	Egyptian	Palestinian	Iraqi	Yemeni	Libyan	Other Nationalities
6,600,000	1,265,514	636,270	634,182	130,911	21,163	22,700	197,385

QUICK FACTS

Population: 9.7 million
Size of Informal Economy: 15.16% of GDP (2015)
Labor Force: 2.5 million (female 17.77%)
GDP (current \$): \$40 billion; \$5,619 per capita; 2% annual growth; Services (71%), Industry (25%), Agriculture (4%) of GDP
Unemployment: 15%
Inflation (CPI): 3.3%
FDI Inflow: \$2.03 billion
Exports: 35.7% of GDP (goods & services, 2017)
Key Export Sectors: Textiles, Potassium, Phosphates, Fertilizers, Vegetables, and Pharmaceutical products



Despite having one of the largest populations of forced migrants in the world, Jordan has not enacted domestic legislation to acknowledge the status of refugees and is not a party to the 1951 Convention on Refugees or its 1967 Protocol. Furthermore, Jordan has not signed the 1954 Convention Relating to the Status of Stateless Persons or the 1961 Convention on the Reduction of Statelessness, both of which ensure fundamental rights protections for stateless persons, including education, employment, housing, and public relief.

However, in 1998, Jordan and UNHCR signed a Memorandum of Understanding to establish asylum procedures and the treatment of refugees. This legal instrument recognizes the 1951 Convention definition of a refugee and the principle of non-refoulement, which is the practice of not forcing refugees or asylum seekers to return to a country in which they may be subjected to persecution. In addition, Jordan's official Gazette has ratified several international treaties and human rights conventions, such as the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social, and Cultural Rights (ICESCR), which gives them the force of ordinary laws.

Accommodating the influx of refugees has taken a significant toll on municipal services such as solid waste, water, and infrastructure, and housing shortages have led to an upsurge in rent prices, and the World Bank estimates that the direct cost of Syrian refugees to Jordan has been approximately \$2.5 billion a year.

Given that most refugees live in urban areas, there has also been an upsurge in labor market competition—particularly in low-end jobs in construction and agriculture. Taken together, these changes have had a negative impact on host communities, which has created social strains and potentially slowed the integration of refugees. For example, there has been a general reluctance to grant work permits to refugees and to expand those permits to “open” sectors, which includes construction, agriculture, and manufacturing.

This lack of resources and opportunities has led to an increase in the percentage of Jordanians and non-Jordanians living below the poverty line. In 2010, the proportion of the population living below the poverty line (defined as individual annual income of JOD 817 or \$1,140) was approximately 14.4 per cent compared to 13.3 per cent in 2008. In 2016, the proportion of the overall population living below the poverty line in Jordan increased to 20 per cent. With the majority (83 per cent) of Syrian refugees living in urban areas, it is not surprising that the number living below the poverty line (90 per cent) is significantly higher than the overall population. ,

Most refugees living outside urban areas reside in two camps located in Azraq (in Zarqa) and Zaatari (just outside of Mafraq). Zaatari is the world's second largest camp with close to 80,000 residents.

Definitions: Refugees, Migrants, and their Status in Jordan

Refugee – Someone who, owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion, is outside the country of his or her nationality, and is unable to or, owing to such fear, is unwilling to avail themselves of the protection of that country. Eligible for refugee status and benefits from UNHCR. Cannot obtain Jordanian citizenship. Refugees' and asylum seekers' children in Jordan are permitted to enroll in public schools free of cost, per requirements announced on a yearly basis.¹

Palestinian Refugees – Persons whose normal place of residence was Palestine prior to May 14 1948 and who lost both homes and means of livelihood as a result of the 1948 conflict. UNRWA, not UNHCR, is responsible for Palestinian refugees. More than 2 million registered Palestinian refugees live in Jordan. Roughly 95 per cent hold Jordanian citizenship but continue to maintain their UNRWA refugee status. The remaining 5 per cent live in 10 refugee camps around Jordan that are administered by UNRWA. Naturalized Palestinians enjoy the same rights as Jordanian citizens and are allowed access to public services, including education and healthcare. Palestinians holding temporary passports are treated as foreign nationals and need official permission to work in the private sector.⁴

Asylum seeker – someone who says he or she is a refugee, but whose claim has not yet been definitively evaluated. Eligible for refugee status and benefits from UNHCR.

Migrant – someone who leaves their country of origin for reasons other than those of a refugee. For example, looking for new job opportunities rather than fleeing persecution. Not eligible for UNHCR benefits. Jordan's Ministry of Labor estimates there are 1.5 million migrant workers in Jordan, half of whom are working illegally or without proper work permits. Government efforts to address the rights of migrant workers continues to progress, however, significant gaps remain in Jordan's labor market with regard to worker protection.⁵

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¹ <https://ardd-jo.org/refugees-jordan-faq>

² <https://www.unrwa.org/syria-crisis>

Jordanians with less than secondary education who compete for low-paid jobs have the highest unemployment rate (43.6 per cent; that number is 65.2 per cent for non-Jordanians). According to Jordan's Strategy Forum, "the average size of the informal economy (1991-2015) is equal to 18.83 per cent of official GDP, which is equivalent to JOD 4 billion. This informal economy rate implies loss in tax revenues equal to around JOD 600 million." In 2013, a report by the United Nations Development Program highlighted that the informal sector is estimated to employ 44 per cent of the total workers in Jordan.

Table 3 – Location of Registered Refugees

Location of Registered Refugees		
Governate	% of refugee Population	Number of Refugees
Amman	29.4%	197,084
Mafraq	24.4%	164,021
Irbid	21%	140,639
Zarqa	14.4%	96,951
Other	10.8%	72,856

The lack of employment opportunities, specifically for the most educated (constituting 40.2 per cent of the unemployed), is also causing a loss of talent—sometimes referred to as "brain drain." The 2010 Jordan Labor Market Panel Survey showed that 3.7 per cent of all households had at least one family member who had migrated abroad seeking better employment opportunities. Fifty-five per cent of those job seekers were university degree holders. Further, the large number of youth, particularly those aged 20-24, who are not in school or working at all, pose a significant concern. From 2010 to 2016, the Economic Research Forum's new analysis showed that, among men, the number of Jordanians not in school or working jumped from 17 per cent to 33 per cent; and for women in the same age group, the number is 63 per cent. In addition, the study shows that day labor, and work without a contract or social security, has increased.

1.3 The Business and Investment Climate

While Jordan faces significant challenges, the country is a relatively open economy, ranked 53rd on the global economic freedom index (up from 62nd in 2018). Jordan's unique geographic location is ideal for business relationships with the EU, Gulf Cooperation Council countries, and Western nations. Jordan's production of phosphate and potash, in addition to its developing tourism sector have contributed to a growth rate above the regional average. Further, Jordan's established banking system, high-quality infrastructure, free trade agreements (FTA), and low-cost and well-educated labor force, make it a country primed for investment and trade.

The World Bank ranks Jordan 104 of 190 economies in Ease of Doing Business, which lags behind Turkey but is ahead of Lebanon. Jordan is also improving the quality of entrepreneurship and has expanded its entrepreneurial ecosystem. The country's ranking on the Global Entrepreneurship and Development Index rose from 72nd in 2014 to 49th in 2018 with high growth in the technology sector, including businesses' ability to adapt to new technology and develop new products.

Table 4 – Comparison of Top Syrian Refugee Hosting Countries

World Bank Ease of Doing Business Ranking of 190 Countries (Lower number better)			
Indicators	Jordan	Lebanon	Turkey
Ease of Doing Business	104	142	43
Starting a Business	106	146	78
Getting Credit	134	124	32
Protecting Minority Investors	125	140	26
Trading across Borders	72	150	42
Economy and Refugees			
Indicators	Jordan	Lebanon	Turkey
Population (World Bank, 2017)	9,702,353	6,082,357	80,745,020
Syrian Refugee Population (UNHCR, 2019)	670,238	946,291	3,642,738
Syrian Refugees as per cent of total population, etc.	6.91%	15.56%	4.51%
GDP US \$ (World Bank, 2017) billions	\$40.068	\$53.577	\$851.549
GDP per capita, Current US\$ (World Bank, 2017)	\$4,129	\$8,808	\$10,546

*For Ease of Doing Business indicator: Green = best; Red = worst.

Access to Finance

Jordan is supported by one of the most well-regulated and transparent banking systems in the region. The Central Bank has strengthened the sector with the recent introduction of multiple measures to improve supervision and capital position of banks.

In terms of SME access to finance, recent data shows that loan rates remain low. One study found that while 72 per cent of Jordanian SMEs were interested in obtaining a loan in the future, only 25 per cent had ever received one. According to a separate financial diagnostic study, the main constraints to SME financial inclusion in Jordan are informality, tax avoidance, and capacity constraints faced by financial institutions that prevent banks from offering suitable products to SMEs. The same research noted that when respondents were offered the choice between a conventional loan option and an Islamic finance option [murabaha], 90 per cent preferred Islamic financing.

This trend also emerged in a survey of micro and small enterprises in Jordan, which revealed that 26.9 per cent of businesses reported not taking out a loan in the last 12 months due to religious reasons. However, a study by the Association of Banks notes that interest rates for SME financing options offered by Islamic banks are lower (5 to 12 per cent) than conventional financial institutions (8 to 14 per cent), which may play a role in influencing preference. At the end of 2015, there were 141 Islamic bank branches in Jordan, but they were primarily located in the largest urban centers. The partiality for Islamic financing, alongside the limited geographic reach of these banks, may help explain the demand for capital but low rates of accessing loans.

Jordan has recently introduced regulatory amendments and reforms such as the insolvency and bankruptcy laws that should allow for increased lending to SMEs. The new legislation on movable assets, for example, facilitates access to credit as it allows banks to have more flexible collateral policies. Alongside this, the Central Bank and the Loan Guarantees Corporation provide assurances to SME loans operating in four priority sectors: industrial, tourism, agriculture, and energy.

Trade and Investment

Jordan benefits from seven free FTAs, which provide access to an estimated 1.5 billion consumers in some of the world's fastest growing economies. Among these is the 2002 agreement with the EU, which opened up two-way trade in goods. In 2016, as part of the EU's support for Jordan in the ongoing Syrian refugee crisis, the EU and Jordan signed a 10-year agreement that includes a simplification of the Rules of Origin (ROO). Under the deal, Jordanian manufacturers can import up to 70 per cent of raw materials used in their production and still label the finished products as "Made in Jordan."

Definitions: Islamic Finance and its Significance in Jordan

Islamic finance* refers to financial activities that comply with the two main principles of Islamic law: 1) real material finality of the transaction and sharing profit/loss or risk associated with the transaction between contract parties. 2) investing in businesses involved in Islamically forbidden activities, speculation or gambling, and participating in contracts with excessive risk or uncertainty are all prohibited though not always illegal where Islamic financial institutions are operating.

Islamic financing is appealing as a safe, ethical, and socially responsible option in Jordan and is growing at a rate of 15 to 25 per cent around the world. In 2016, the Central Bank of Jordan issued two rounds of Islamic-compliant sovereign bonds for the first time in the country's history followed by a third round in 2018. All three rounds provided \$700 million in liquidity to finance the operations of two government-owned companies, the National Electric Power Company and the Water Authority of Jordan. However, the Central Bank does not allow conventional banks to provide financial banking services.

* <https://oxfordbusinessgroup.com/analysis/new-offerings-country-expanding-its-funding-options-through-recent-issuance-islamic-bonds>

In 2000, the US and Jordan agreed to an FTA that allowed for phased tariff reductions culminating in the elimination of duties on nearly all products by 2010. A notable element of the Jordan FTA with the US was the Qualifying Industrial Zones (QIZs), which were established in 1996 to allow products to enter the US duty-free if manufactured in Jordan with a specified amount of Israeli content.

Jordan has also typically received a sizeable amount of foreign direct investment (FDI), absorbing almost \$1,665 million in FDI inflows in 2017 alone. The Government of Jordan launched a privatization campaign, which benefited public and private partnerships in numerous sectors. Profitable tax schemes were created in special economic zones, such as QIZs and the Free Zone of Aqaba, to attract companies. Businesses in certain sectors and locations are granted 10-year income tax exemptions and the Government allows for the repatriation of capital, profits, and salaries without charge.

In 2014, a new Investment Law (No. 30) was passed reaffirming that non-Jordanian investors were to be treated like Jordanian investors. The law also opens more sectors to investment, including manufacturing, agriculture, hospitality, healthcare, entertainment cities, research centers, media production, crafts and services, convention centers and events, transport, distribution and/or extraction of water, gas and oil derivatives using pipelines, air transport, sea transport, and railways.

1.4 Turning a Challenge into an Opportunity

In 2016, the Government of Jordan launched the Jordan Compact to turn the refugee crisis into an economic opportunity by focusing on labor market reform, boosting trade, and attracting investment. The Compact was signed during a Syrian donor conference hosted by the United Kingdom, the UN, Kuwait, Germany, and Norway and allowed Jordan to secure \$1.7 billion in grants and concessional financial support for its Syria Refugee National Response Plan. The Compact also resulted in the relaxed ROO trade agreement between Jordan and the EU. In addition, following the conference and the Compact, the Government of Jordan waived the fees required to obtain a work permit for Syrian refugees in a number of occupations open to foreign workers and simplified documentation requirements. These measures have encouraged employers to regularize their workers.


The Government has also authorized refugees to live outside camps to facilitate their integration into the labor market and to allow for family reunification. In November 2018, the Cabinet went a step further and issued a decision allowing Syrians in refugee camps to register home-based businesses (HBBs) in all sectors. The new law also allows Syrians living outside camps to register HBBs in the food processing, handicrafts, and tailoring sectors while maintaining 100 per cent ownership, whereas previously a Jordanian partner was required.

Policies to support workers in obtaining permits also continue to improve, with the first electronic work permit for Syrian refugees in the construction sector issued in September 2018, making the procedures for obtaining and renewing authorizations by refugees inside and outside camps easier. However, between January 1, 2016 and March 31, 2019, only 139,002 work permits were awarded, and currently 38,000 refugees have active permits.

While the Government of Jordan and the international community have been forwarding an agenda to increase opportunities for both refugees and host communities, joblessness, competition for resources, and regional conflict continue to threaten economic development and social cohesion. Jordan's SMEs represent significant untapped potential in advancing the country's progress. With the right enabling environment, these firms can drive job creation, unlock private capital, open up access to new markets, and accelerate refugee integration. This report provides a snapshot of these enterprises, their contributions, including ways they are already benefiting refugee communities, and how they can be better positioned to spur Jordan's recovery and growth.



Kamel Almani



WashyWash set out to change how people clean their clothes. It started as a simple idea and concept by four, young Jordanian friends: “Give people the best possible cleaning quality, with zero health risks, coupled with the best customer service and technology available to enhance lifestyle and healthy habits.” Easier said than done, this concept was finally realized in 2017, when the co-owners established the first EcoClean start-up in Jordan.

As regional innovators in the dry cleaning business, there were no local models for Kamel Almani and his co-founders to follow. Without expertise on ecologically friendly machines in Jordan, they had to look further afield to source and support the WashyWash vision. They finally found the machines that would hold up to their standards and ordered them from Germany.

A comprehensive market review also inspired the WashyWash team to think about customer service. What value could they add to encourage customers to choose this more environmentally responsible, health-conscious dry-cleaning service? Responding to a younger market of professionals and business owners, they prioritized convenience and developed a mobile app that allows clients to customize service on the go. In addition, they set shop hours for this same convenience: 7am-11pm, 7 days a week.

WashyWash has begun to change the way people use and think about the ramifications of dry cleaning. Within the first eight months of operations, WashyWash attracted over 5,000 customers. With a staff of 14, the company continues to expand with stores in cities beyond Amman. The company advocates for healthier, more sustainable practices not just in dry cleaning, but in all corporate practices that have a negative impact on people and their environment.

Company Name: Washy Wash

Co-Founders: Kamel Almani, Amjad Shahrour Kayed Qunibi, Mazen Darwish

2

METHODOLOGY

The methodology for this research consisted of in-person surveys with 309 business owners of Jordanian (184), refugee (23), and migrant-owned (102) micro, small, medium, and select large enterprises. Businesses were located in Amman, Irbid, Zarqa, Mafraq, Sahab, Marka, Alqastal, Albalqaa, and Madaba and interviews were conducted between September 2018 and December 2018. The survey consisted of 182 qualitative and quantitative questions across seven categories, including basic firm data, labor and hiring, financial management, capital needs, tender and bidding practices, perceptions about external factors, business planning and outlook, and training needs. This was supplemented by in-depth roundtable discussions with entrepreneurs, stakeholder interviews, and desk research.

The following was required of businesses to participate in the survey: 1) registered as a formal business in Jordan; 2) able to conduct interview with the business owner or senior manager; and 3) be an “active” business with at least one employee in addition to the owner. The study relied on the SME definition adopted by the Central Bank and generally used by agencies serving SMEs in Jordan.

Building Markets conducted extensive desk research to understand the relevant policies, best practices, actors, and programs that support SMEs in Jordan. This research also explored the regulatory framework, business environment, and the impact of the refugee crisis. Alongside Building Markets’ experience, the results of the desk research helped inform the business survey tool and methodology that was used for this research.

Survey Design

Building Markets’ verification survey was adapted and piloted in Jordan with a sample of 23 businesses. This allowed for adjustments to be made to the survey tool, which included adding new questions and restructuring existing ones to ensure they would be interpreted as intended. Questions in the survey aimed to provide a detailed picture of the goods and services a business offers, management and operational structure, financial management and capital needs, and access to business support, finance, and markets. The final survey comprised 182 questions and took 1-1.5 hours to administer. Interviews were conducted at the business site with the owner or a senior manager.

Building Markets’ Methodology

Using a methodology that has been tested across seven diverse countries, with input from industry pioneers and leading academics, Building Markets has cultivated one of the largest independent data sets on SMEs in crisis-affected economies. Building Markets uses the data it collects to pinpoint SME needs and capabilities. This allows the organization to quickly facilitate connections to growth, finance, and investment opportunities. Given the protracted nature of the Syrian conflict and the requirement for durable solutions that integrate refugees into formal sector jobs and enable them to establish businesses, Building Markets’ data-based approach leads to smarter and larger injections of capital. This will help accelerate the growth of refugee-owned and local SMEs in Jordan, creating jobs and tax revenue and contributing to economic recovery, stability, and expansion.

Sample

Due to the absence of readily available datasets on Jordanian businesses, Building Markets began this project by sourcing lists from organizations and individuals already operating in the country and working with firms of every size. Nearly 1,500 business contacts were sourced from over 10 different groups, including international and local non-governmental organizations (NGOs), incubators, donors, government sites, and business associations. Building Markets acknowledges that such sourcing does not create a sample set that is wholly representative of the market; however, while survey respondents were contacted through non-randomized methods, efforts were made to schedule surveys from each data source available in an attempt to reduce sampling bias.

The target sample of refugee- and migrant-owned businesses was compiled through a selection from 2,500 listings from the Jordan Companies Control Database public registry, the specific economic zones in Jordan, and Eastern Amman Investors Association. Referrals from refugee-serving NGOs and other refugee-owned businesses, as well as professional networks of the research team, also supplemented this list.

Table 5 – Sample by Business Size and Location

Location of Head Office	Micro		Small		Medium		Large		Grand Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Albalqa	2	3%	1	1%	2	2%	1	3%	6	2%
Amman	53	79%	108	84%	74	82%	19	79%	254	82%
Irbid	9	13%	16	12%	11	12%	2	13%	38	12%
Madaba	1	1%	1	1%	1	1%	0	1%	3	1%
Mafraq	1	1%	1	1%	1	1%	1	1%	4	1%
Zarqa	1	1%	2	2%	1	1%	0	1%	4	1%
Grand Total	67	100%	129	100%	90	100%	23	100%	309	100%

Ownership

In an effort to reflect the demographic breakdown in Jordan, roughly 60 per cent of the research sample are Jordanian-owned businesses and 40 per cent are refugee/migrant-owned businesses. A “refugee/migrant-owned business” is defined as any enterprise that has at least one migrant or refugee owner or where the owner reports dual citizenship. Further, owners were categorized in the following ways:

- “Jordanian”: someone who holds Jordanian citizenship.
- “Refugee”: someone registered as a refugee with UNHCR or United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). For Palestinian business owners, Jordanian citizenship along with UNRWA registration defines the business as Jordanian-owned.
- “Migrant”: someone who was not born in Jordan, immigrated to the country, and does not carry Jordanian citizenship, but is not registered as a “refugee” with UNHCR or UNRWA.
- Dual citizenship refers to refugee/migrant owners who also reported Jordanian citizenship.

The below table shows the number of refugee/migrant-owned businesses in each business size category, and the accompanying percentage of each, relative to its size category (e.g. 9 per cent of small enterprises interviewed had at least one refugee owner; 33 per cent of small enterprises interviewed had at least one migrant owner).

Table 6 – Sample by Refugee/Migrant Ownership and Business Size

Grand Total	Micro		Small		Medium		Large		Total Sample	
% Owners Refugees	8	12%	12	9%	2	2%	1	4%	23	7%
% Owners Migrants	8	12%	44	34%	42	47%	8	35%	102	33%
Refugees, Migrants and/Dual Citizens	17	25%	54	42%	45	50%	9	39%	125	40%

Weights

In order to get a sufficient number of interviews to analyze each demographic group separately (small and medium), this study collected a larger number of medium-sized enterprises than demographics would dictate. Therefore, a simple combination of the small and medium-sized enterprise data would result in findings that disproportionately represent the responses of medium-sized enterprises. To report a single, representative figure for SME businesses, the study has applied statistical weights according to distribution of businesses reported in the Economic Census of 2011 by the Jordan Department of Statistics.

Definition and Size

Jordan does not have a unified official definition of an SME. In 2011, the Central Bank issued an official memo to the banks in Jordan with criteria to define SMEs based on assets, turnover, and the number of employees. Based on stakeholder consultations, this assessment uses that SME definition, and takes into consideration both employee numbers (full-time employees reported) and asset or turnover in determining size. However, given the market and discrepancy in definitions, the sampling strategy for this research included a sub-sample of businesses with 101-250 employees (23 businesses surveyed) to account for the inconsistency between the Central Bank definition and the Jordan National Standard definition in the medium category. It also analyzed this sub-sample separately as “large” businesses.

Figure 1 –
Female, Migrant, Refugee Owners (as a % of Average Number of Owners) by Size

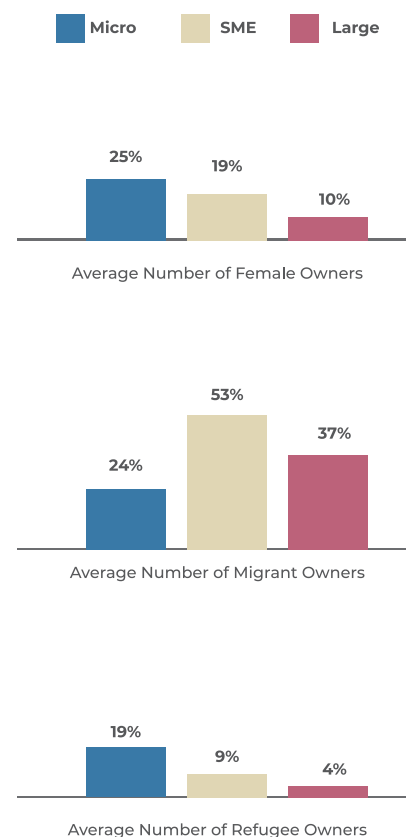


Table 7 – SME Definitions

Grand Total	Central Bank of Jordan (2011)	Jordan National Standard Definition (2005)	Definition used in this Assessment
Micro	< 5 employees (by default)	< 10 employees (by default)	1-4 employees
Small	5-20 employees < JD 1m assets/annual sales	10-49 employees > JD 30,000 registered capital	5-20 employees
Medium	21-100 employees JD 1-3m assets/annual sales	50-249 employees > JD 30,000 registered capital	21-100 employees
Large	> 100 employees	=> 250 employees	101-249 employees

Stakeholder Interviews

Building Markets conducted 43 stakeholder interviews to better understand perception and demand in Jordan and the region. Stakeholders included government, international non-governmental organizations (INGOs), business associations and business support providers, procurement officers, and investors that are working in Jordan or have the intention to do so. Three surveys were designed and administered: 1) one for general perceptions on the context and operating environment; 2) one for procurement officers and buyers; and 3) one targeting banks and investors. The purpose of each survey was to draw out additional insights that may complement, reinforce, or contrast with data collected from local businesses. They also aimed to pinpoint opportunities and interest in supporting Jordanian, migrant, and refugee-owned SMEs through investment, employment, procurement, and business support services.

Focus Group Discussions

This study included four focus group discussions (FGDs) for business management to delve more deeply into topics or themes that emerged from research and surveys. FGDs were conducted between November and December 2018. Each discussion covered a specific topic and included relevant participants, such as exporters, women entrepreneurs, various private sector actors supporting development in Jordan, and informal business owners.

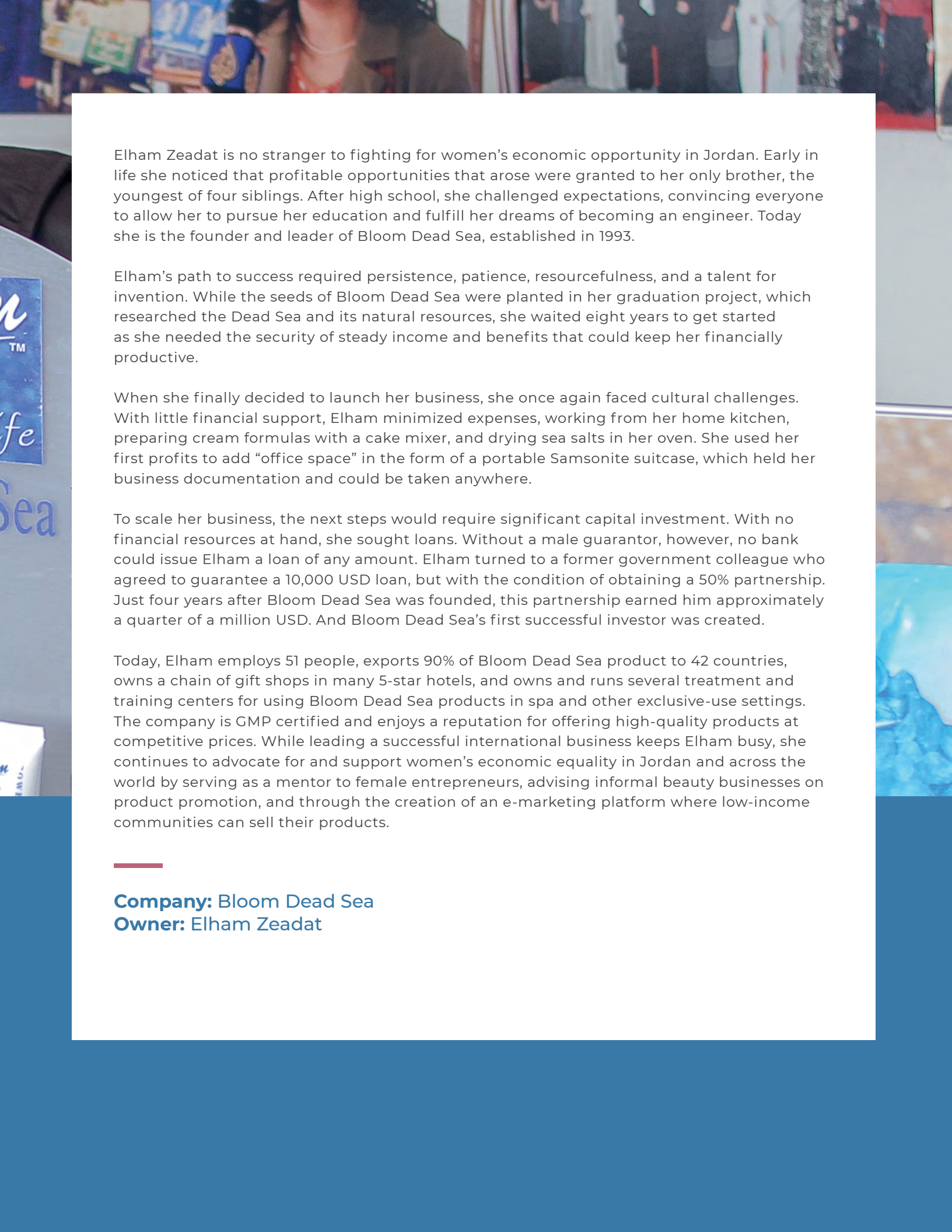
Caveats to Analysis

This research primarily focused on SMEs given their ability to catalyze growth, jobs, and attract investment. To highlight the unique and specific market challenges faced by both Jordanian-owned and refugee/migrant-owned enterprises, data reported by these market segments was analyzed separately and compared and contrasted with SMEs where relevant or interesting findings emerged. To overcome limitations presented by being unable to generate a randomized sample, SMEs were weighted according to market distribution by business size using weights from the Jordanian Department of Statistics. Given the Jordan market is predominantly composed of micro-sized enterprises, these businesses were independently analyzed to prevent skewing the overall analysis. Large-sized businesses (up to 250 employees) were treated in the same way.

Unless otherwise stated, all analyses, and the accompanying breakouts in the study, are for SMEs exclusively. All tables and charts that compare, for example, refugee/migrant-owned businesses to Jordanian-owned businesses, focus on SMEs. Although, where appropriate, the analysis includes relevant demographic breakouts on select indicators to provide size context to the findings (showing “micro,” “SMEs,” and “large” businesses in sequence). It was not possible to provide a comprehensive account of all findings. Instead, the results focus on points of greatest relevance to illustrate the dynamics of the Jordanian market.



Elham Zeadat



Elham Zeadat is no stranger to fighting for women's economic opportunity in Jordan. Early in life she noticed that profitable opportunities that arose were granted to her only brother, the youngest of four siblings. After high school, she challenged expectations, convincing everyone to allow her to pursue her education and fulfill her dreams of becoming an engineer. Today she is the founder and leader of Bloom Dead Sea, established in 1993.

Elham's path to success required persistence, patience, resourcefulness, and a talent for invention. While the seeds of Bloom Dead Sea were planted in her graduation project, which researched the Dead Sea and its natural resources, she waited eight years to get started as she needed the security of steady income and benefits that could keep her financially productive.

When she finally decided to launch her business, she once again faced cultural challenges. With little financial support, Elham minimized expenses, working from her home kitchen, preparing cream formulas with a cake mixer, and drying sea salts in her oven. She used her first profits to add "office space" in the form of a portable Samsonite suitcase, which held her business documentation and could be taken anywhere.

To scale her business, the next steps would require significant capital investment. With no financial resources at hand, she sought loans. Without a male guarantor, however, no bank could issue Elham a loan of any amount. Elham turned to a former government colleague who agreed to guarantee a 10,000 USD loan, but with the condition of obtaining a 50% partnership. Just four years after Bloom Dead Sea was founded, this partnership earned him approximately a quarter of a million USD. And Bloom Dead Sea's first successful investor was created.

Today, Elham employs 51 people, exports 90% of Bloom Dead Sea product to 42 countries, owns a chain of gift shops in many 5-star hotels, and owns and runs several treatment and training centers for using Bloom Dead Sea products in spa and other exclusive-use settings. The company is GMP certified and enjoys a reputation for offering high-quality products at competitive prices. While leading a successful international business keeps Elham busy, she continues to advocate for and support women's economic equality in Jordan and across the world by serving as a mentor to female entrepreneurs, advising informal beauty businesses on product promotion, and through the creation of an e-marketing platform where low-income communities can sell their products.

Company: Bloom Dead Sea
Owner: Elham Zeadat

3

DATA ANALYSIS AND FINDINGS

Overview

This study found that SMEs are contributing to social and economic growth in Jordan by creating jobs and providing essential goods for both Jordanians and migrant and refugee communities. On average, an SME creates more than 16 jobs, has an annual turnover of \$509,736 and receives 42 per cent of all revenue from exporting goods.

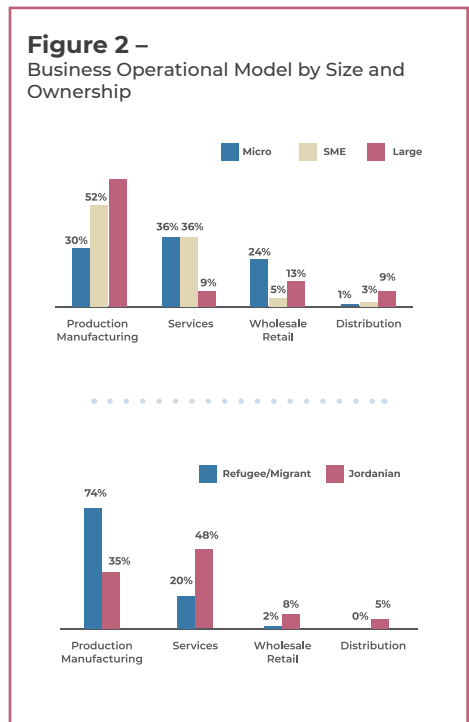
Findings suggest that while, on average, businesses in each category expect to grow, large companies (those with more than 100 and fewer than 250 employees in the sample) have significantly greater access to finance than smaller enterprises, and micro enterprises (businesses with fewer than five employees) might lack the scale to turn capital into growth quickly.

3.1 Business Overview: Sectors, Demographics, Key Financials

When compared, there is a stark contrast in business operational models between refugee/migrant-owned enterprises and those owned by Jordanians. More than twice as many refugee/migrant-owned businesses list “production/manufacturing” as their primary operational model (74 per cent to 35 per cent,) while more than twice as many Jordanian businesses list “services” as their primary operational model (48 per cent to 20 per cent).

“Limited liability” is the dominant legal structure for companies surveyed, with 62 per cent of Jordanian and 80 per cent of refugee/migrant-owned companies operating as such. “Sole proprietorship” or “solidarity company”, follow second as the legal structure of Jordanian and refugee/migrant-owned companies at 33 per cent and 18 per cent, respectively.

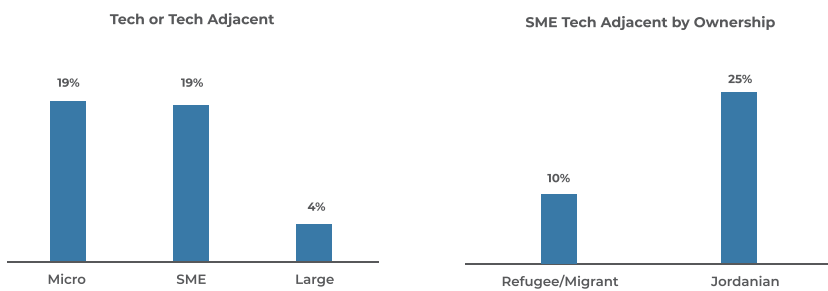
The top four sectors for SMEs were manufacturing (50 per cent), other service activities (15 per cent), information and communication (13 per cent), and wholesale and retail trade (7 per cent). The remaining 15 per cent fell into the sectors of accommodation and food service, human health and social work, construction, agricultural forestry and fisheries, arts and entertainment, education, financial and insurance, electricity/gas/steam, professional scientific technology, and administration and support services.



The Technology Sector

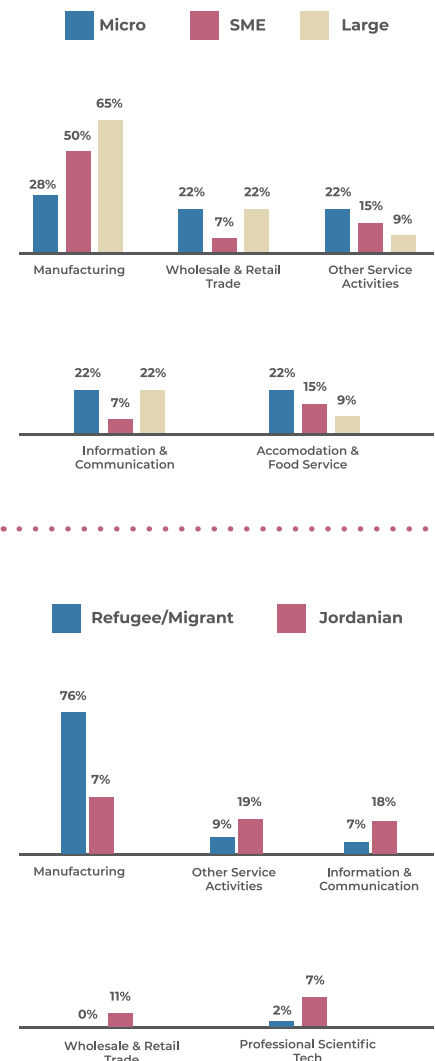
With a young, highly educated, digitally literate, and connected population, Jordan's entrepreneurs are ambitious about technology ventures. Despite constituting only 3 per cent of the MENA region's economy, the country represents over 23 per cent of the region's technology entrepreneurs. Jordan boasts a healthy technology entrepreneurship ecosystem, with the government planning to introduce an additional 40 tech incubators in 2019.

In the sample for this study, around 19 per cent of SMEs operate in technology or tech-adjacent sectors, with higher rates among Jordanians. Tech-adjacent is a composite of the information and communication, and professional, scientific, or technical sectors in conjunction with other sectors such as product manufacturing or education if those businesses focused on technical business factors (e.g. a manufacturing business that produces electronic parts or electrical equipment, or a wholesale and retail trade sector business that sells computer software or hardware).



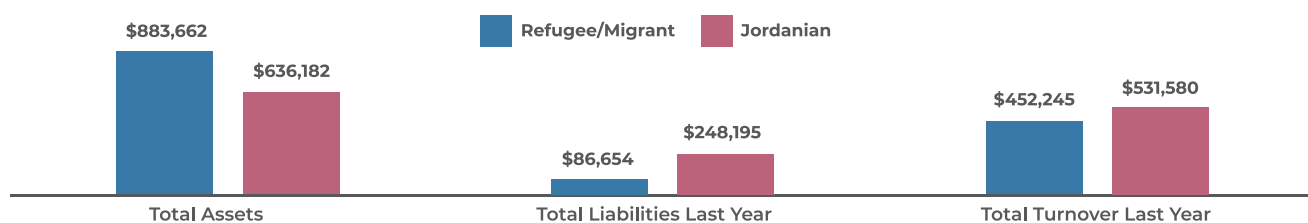
In response to their financial data for the last fiscal year, Jordanian SME respondents reported average turnover and asset figures of \$531,580 and \$636,182, respectively. In comparison to refugee/migrant-owned SMEs, Jordanian SMEs reported higher business expenditures, higher liabilities, turnover, and total profit. Despite divergent figures between total assets, total liabilities, and business expenditures, the two ownership groups reported remarkably similar profit margins at 23 per cent. This may be due to the presence that refugee/migrant firms continue to hold in their previous markets of operation.

Figure 3 –
Primary Business Sector by Size and Ownership



*Businesses who responded "other service activities" described their businesses in fields including architectural design, miscellaneous consulting services, cosmetic products and manufacturing, miscellaneous product generation, and business recruitment services.

Figure 4 –
SME Assets, Liabilities, and Turnover (Last Fiscal Year)



Jordanian businesses have fewer owners on average (3.2 vs 3.5 at refugee/migrant-owned businesses) and boast higher rates of female ownership. Twenty-five per cent of Jordanian businesses are female owned, while only 10 per cent of primary owners at refugee/migrant-owned SMEs are female. In addition, women typically own smaller enterprises. Twenty-five per cent of owners at micro-sized enterprises are women compared to 19 per cent and 10 per cent of owners at SMEs and large enterprises, respectively.

Fifty-three per cent of the owners of SMEs in this study are migrant owners and an additional 9 per cent are refugee owners. Twenty-one refugee/migrant owners (out of 29 who answered this question) stated they owned a business prior to coming to Jordan, with an average of 86 employees. However, most of those enterprises in their home countries have been shuttered (68 per cent) and a mere 9 per cent continue to operate at previous capacity.

Syrian migrants and refugees are especially active in the manufacturing sector. Syria's industrial sector, which includes mining, manufacturing, construction, and petroleum accounted for 29.4 per cent of Syria's GDP in 2003 and employed 30 per cent of the labor force. As Syrians fled the country, they brought with them knowledge and expertise in the industrial sector, as well as access to technology and markets they previously traded with from Syria. With the right investments, this can support the Jordanian government's efforts to grow local production and manufacturing while also contributing to job creation and local sourcing opportunities.

3.2 Employment and Management

Seven per cent of the businesses surveyed for this research are owned by refugees and 33 per cent are owned by migrants. Refugee/migrant-owned businesses create an average of 18 full-time jobs. Fifty-nine per cent of SMEs expect to hire in the next six months and on average those businesses expect to hire an additional 14 employees.

As illustrated in the table below, refugee/migrant-owned SMEs employ, on average, more people full-time, they employ more women in total (but a lower percentage of their workforce total than other Jordanian-owned businesses), and they employ more migrants and refugees than their Jordanian-owned counterparts. However, Jordanian businesses seem to hire more part-time workers in every category.

Table 8 – Average Employment by Employee Classification

Average Employment by Employee Classification	Refugee/Migrant		Jordanian	
	Number	%	Number	%
Full-time Employees	18.0	100%	14.6	100%
Full-time Female Employees (as % of FT employees)	4.6	26%	4.3	29%
Full-time Skilled Employees (as % of FT employees)	13.5	75%	12.9	88%
Full-time Refugee Employees (as % of FT employees)	3.2	17%	1.3	8%
Full-time Migrant Employees (as % of FT employees)	2.7	16%	1.9	13%
Part-time Employees	0.7	100%	1.2	100%
Part-time Female Employees (as % of PT employees)	0.2	32%	0.4	36%
Part-time Skilled Employees (as % of PT employees)	0.5	73%	1.1	93%
Part-time Refugee Employees (as % of PT employees)	0.0	5%	0.1	12%
Part-time Migrant Employees (as % of PT employees)	0.1	11%	0.2	12%

Table 9 – Employment Status Prior to Hire

	Refugee/Migrant	Jordanian
Unemployed not working	44%	47%
Employed full-time in formal sector	51%	40%
Other*	4%	12%

SMEs also employ a higher percentage of female managers than either micro or large businesses (19 per cent versus 17 per cent and 16 per cent, respectively) and significantly more migrant and refugee managers than large enterprises. Refugee/migrant-owned SMEs appear to offer greater management opportunities to other migrants and refugees than Jordanian-owned companies. Nine per cent of refugee/migrant-owned enterprises have at least one refugee manager, and 36 per cent have at least one migrant manager (as opposed to zero for refugee or migrant managers in Jordanian businesses).

Management by women, migrants, and refugees does not vary widely between the various sizes of businesses in Jordan. However, businesses owned by Jordanians employ female managers at more than twice the rate of refugee/migrant-owned firms.

Figure 5 – Breakdown of SME Refugee/Migrant Employment by Ownership (as a % of workforce)

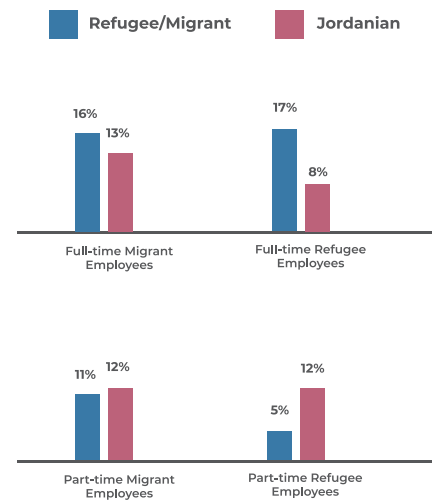
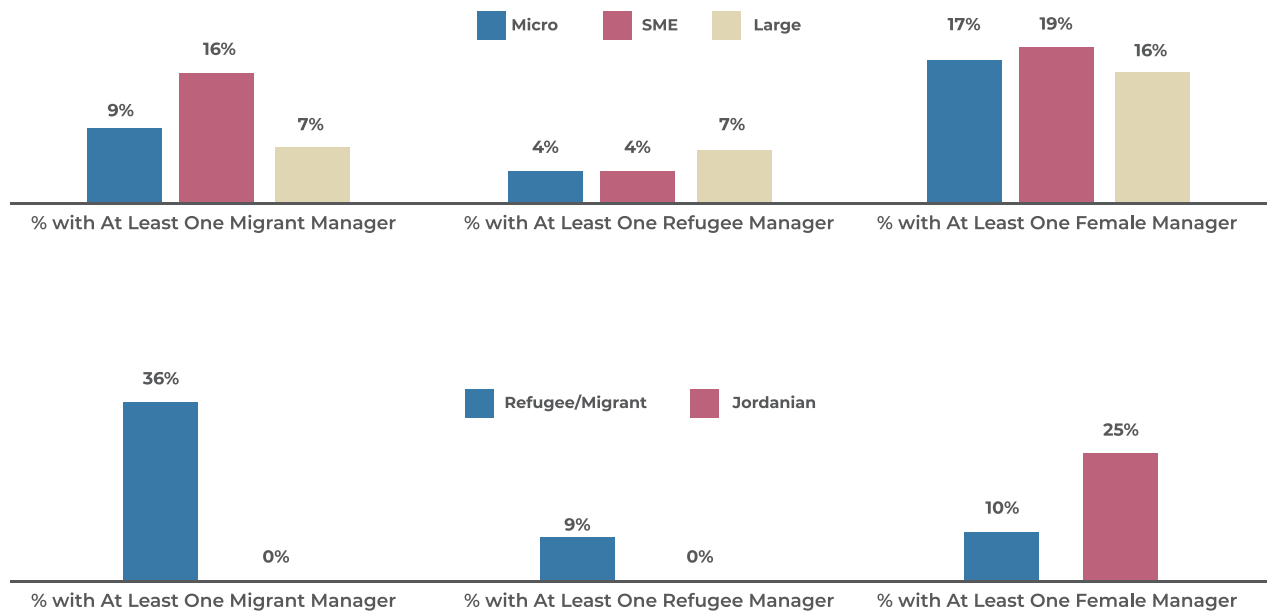


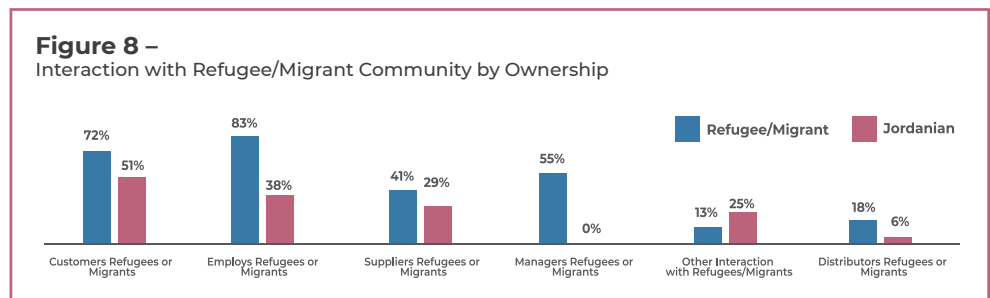
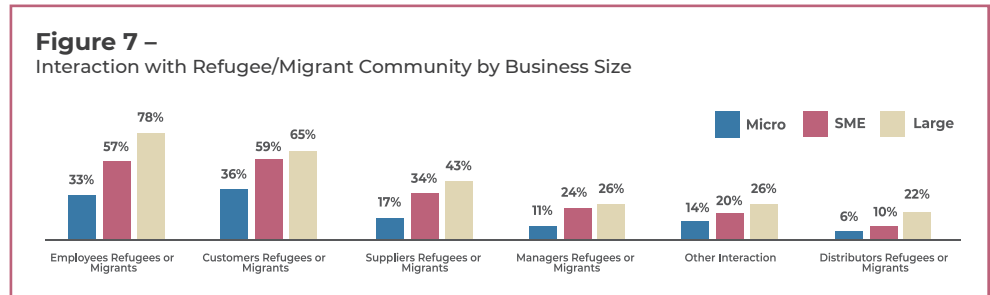
Figure 6 – Management Demographics by Business Size and Ownership



3.3 Impact on Refugee/Migrant Community

This research found that the larger the business, the more likely it is to intersect with the refugee/migrant community, as seen in the data presented below. There is a correlation between business size and refugee community impact. A disproportionate number of businesses who self-reported that their companies benefit refugee/migrant communities are in the manufacturing sector. This is significant because, in addition to overall job creation, the private sector's positive impact on refugee communities can be maximized by supporting Jordan's manufacturers and facilitating businesses growth.

Importantly, SMEs overall also have significant interaction with the refugee/migrant community. For example, SMEs with refugee/migrant owners have far more interactions on every level except, in "other" types of interactions. A greater percentage of refugee/migrant-owned businesses reported that their customers are refugees or migrants (by 21 percentage points), that their employees were refugees or migrants (by 45 percentage points), and that their suppliers, managers, and distributors were refugees or migrants (by a difference of 12, 55, and 12 percentage points, respectively).



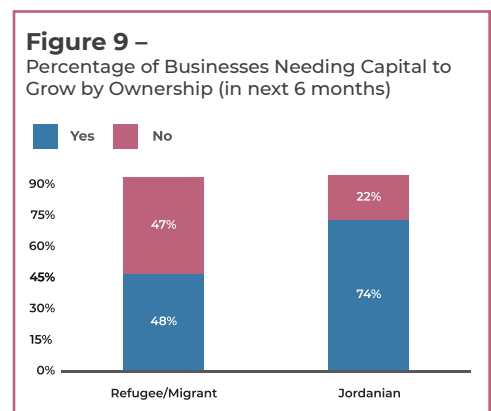
3.4 Access to Capital and Borrowing

Both micro and SMEs expressed that to grow they need more capital in the next six months. On average, 71 per cent of micro businesses are seeking \$195,210 and 63 per cent of SMEs reported needing \$672,295. Less than half of large enterprises (48 per cent) stated that they require growth capital, but their average capital needs, as expected, are significantly higher at \$1,663,800. Among Jordanian-owned SMEs, 75 per cent need capital of \$594,349 for growth, on average, while 48 per cent of refugee/migrant-owned businesses shared a similar need but with higher average requirements of \$672,295.

Overall, 74 per cent of SMEs surveyed for this research are interested in an investor/business partner. Among those SMEs, slightly more than half (54 per cent) of those with refugee/migrant owners are interested in an investor/partner, as opposed to 88 per cent of SMEs owned by Jordanians.

Table 10 – Capital Needed to Grow by Business Size (in next 6 months)

	Micro	SME	Large
Interested in Investor/Business Partner	73%	74%	61%
Need More Capital to Grow in next 6 Months	71%	63%	48%
Average of How Much Needed	\$195,210	\$672,295	\$1,663,800
Minimum of How Much Needed	\$7,050	\$46,276	\$141,000
Maximum of How Much Needed	\$2,961,000	\$3,416,430	\$4,230,000



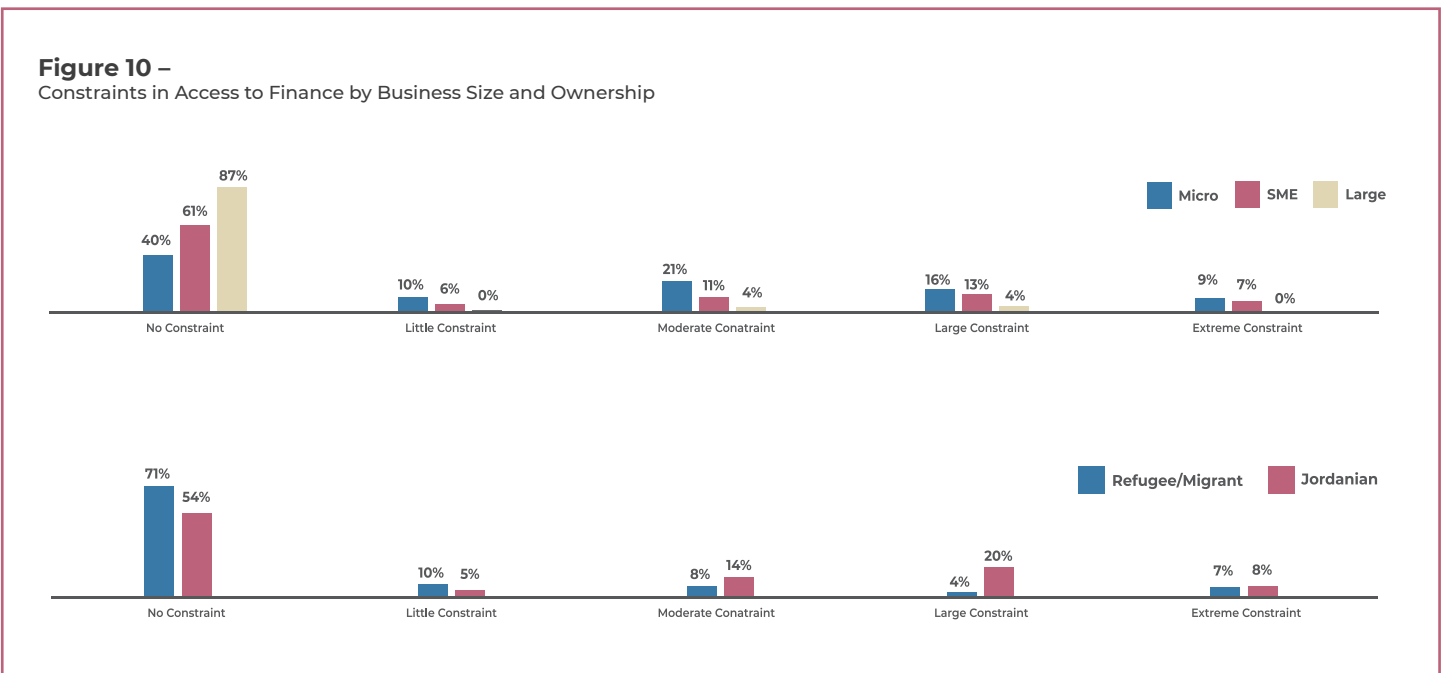
Interestingly, refugee/migrant-owned SMEs have been able to capitalize their businesses at higher amounts than Jordanian firms since founding. Jordanian businesses reported starting capital more than three times higher than migrant/refugee-owned enterprises, but migrant/refugee-owned companies report more than twice as much additional capital flowing to the business after the initial founding. This may speak to why more Jordanian firms believe that additional capital is required for further growth while the need amongst refugee/migrant-owned businesses is more sated.

Table 11 – Business Capital by Ownership

Business Capital	Refugee/Migrant	Jordanian
Average of Amount Capital to Start Business	\$286,940	\$924,224
Average of Additional Capital Since Founding	\$871,882	\$376,330
Average of Size of Most Recent Loan	\$268,457	\$180,431

Not surprisingly, and in line with global trends, this study found that larger companies report better access to finance. Only 8 per cent of large enterprises stated either moderate or large constraints in their access to capital, whereas 31 per cent of SMEs overall shared that they had either a moderate, large, or extreme constraint in accessing capital. Forty-six per cent of micro enterprises expressed the same level of constraint. Interestingly, Jordanian SME owners expressed feeling more constraint in their access to capital than refugee/migrant-owned businesses (41 per cent versus a mere 18 per cent, respectively).

This discrepancy, however, may also have a cultural element. During one of the focus groups held by Building Markets, Syrian business owners indicated that formal loans from financial institutions are not common as their service offerings in Syria were limited. Access to finance for Syrian-led businesses in Jordan may, accordingly, still be more dependent on informal capital obtained from family and friends.



As noted in section 1.2, access to banking services in Jordan is prevalent. Ninety-five per cent of SMEs have a bank account compared with 81 per cent of micro-sized firms and 100 per cent of large enterprises. However, despite the high rate of bank account ownership, the rate of refugee/migrant-owned businesses that have received a



**Mohammad Haitham
Al Hamawi**

When war broke out in Syria in 2011, Mohammad Haitham Al Hamawi moved to Jordan with his wife and two children. He left behind a machine production workshop he owned in Syria, his family's home, and an affordable quality of life.

Determined to start over in Jordan, Mohammad quickly began exploring both formal and informal job opportunities. Leveraging his engineering background and prior success as an entrepreneur, he soon began receiving employment prospects overseas, notably in the United States and Germany. Although those offers were enticing, his family had already been through the difficult process of being uprooted once so he and his wife took a decision to begin a new life in Jordan, which also had the advantage of proximity to home.

The international offers also made Mohammad realize that perhaps with a little foundational work, he could capitalize on his past experience right there in Jordan. He borrowed money from outside the banking system, was able to rent a space, and opened a workshop where he could wield his engineering skills to design and build machinery.

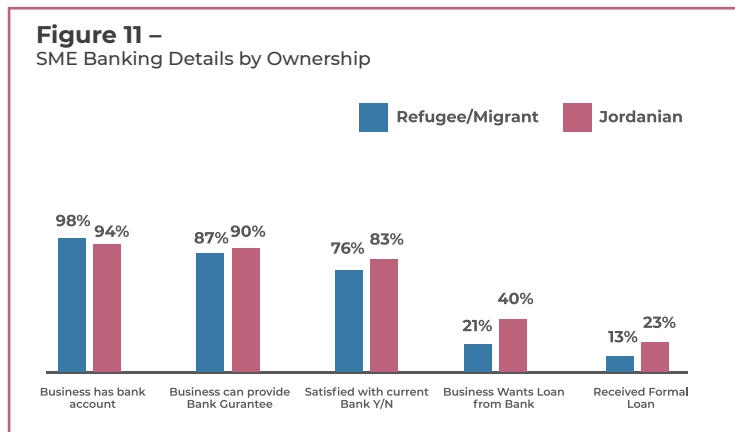
From the start, Mohammad aimed to register his workshop, but as a individually-owned and run business owner, the financial deposits required by the Jordanian government were too high for him to meet. In 2018 — four years from his first attempt to formalize his business — the Jordanian government amended the laws requiring such significant fees, allowing him to register and move forward with Aoug for Industrial Parts.

Today, Aoug for Industrial Parts successfully manufactures packaging machines and production lines in Amman. Although his company is small, his designs, fabrication methods, and commitment to post-purchase service responds to the specific needs of local companies and makes his products popular among customers in a variety of sectors. Six months after official registration, Aoug offers two full-time positions, and is expecting to increase its employment to six in 2019.

Company Name: Aoug for Industrial Parts
Owner: Mohammad Haitham Al Hamawi

formal loan is about half of Jordanian-owned businesses (13 per cent versus 23 per cent). Among the refugee/migrant-owned businesses that reported dissatisfaction with their bank (21 per cent), 76 per cent cited “bad service overall,” with the remainder claiming complicated procedures, complicated regulations, and excessive limitations as the reason (7 per cent reported each of these categories). Jordanian-owned businesses revealed higher general satisfaction, and among those who were not satisfied, reasons were more diffuse, with around 62 per cent claiming overall “bad,” “weak,” or “not too good” services.

While capital needs are widespread, two out of three SMEs in Jordan do not desire a bank loan. Reasons include “no interest or need” or “other religious reasons.” In further discussion with SME owners, Islamic finance was highlighted as the preferred means of accessing finance. This aligns with a diagnostic study conducted by GIZ and the Central Bank, which also found that when SMEs were offered the choice between a conventional loan option and an Islamic finance product, 90 per cent preferred Islamic financing.



For businesses that have received a formal loan, the average of the most recent loan is significantly lower than the amount they desire. Micro-sized enterprises report needing \$94,671 in loans, while the average loan obtained is less than 20 per cent of the amount required. SMEs seek loans of \$313,755, on average, but the latest loans acquired average only \$200,476. These gaps between loans received and loans sought persist for both refugee/migrant-owned and other SMEs. It is clear that, despite only 32 per cent of SMEs desiring a bank loan at present, there are significant unmet capital needs in Jordan representing an opportunity for SMEs, banks, and investors.

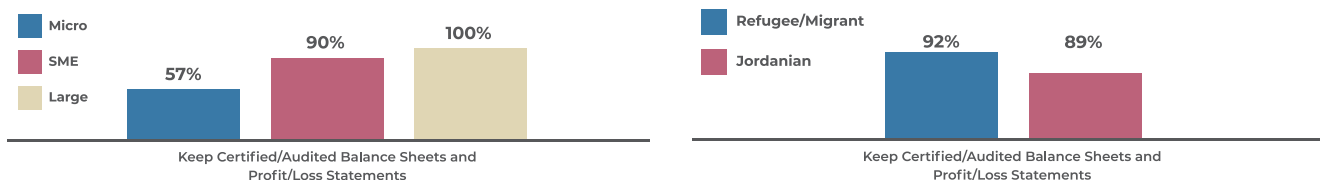
Table 12 – Loans: Most Recent and Desired by Business Size and Ownership

	Micro	SME	Large
Average Size of Most Recent Loan (USD)	\$17,879	\$200,476	\$1,392,610
Businesses that Want a Loan, Quantity Desired (USD)	\$94,671	\$313,755	\$1,489,313
	Refugee/Migrant	Jordanian	
Average Size of Most Recent Loan (USD)	\$268,457	\$180,431	
Businesses that Want a Loan, Quantity Desired (USD)	\$387,146	\$292,049	

While surveyed businesses’ experience with bank loans is limited, borrowing from family and friends has been an option used by all size categories (40 per cent of micro-sized enterprises, 31 per cent of SMEs, and 17 per cent of large enterprises). Syrian business owners reported relying on their reputation in their community for access to capital, which is supported by other data on financial inclusion in Jordan. On the other hand, there is little utilization (less than 2 per cent of any business size category) of other informal lenders, such as other traders, among surveyed enterprises.

Based on the findings from this research, Jordanian businesses appear to have well-maintained financial records in line with industry standards. Fifty-seven per cent of micro-sized enterprises, 90 per cent of SMEs, and 100 per cent of large firms maintain certified, audited balance sheets and profit & loss statements.

Figure 12 –
SME Financial Practices by Business Size and Ownership



3.5 Market Access

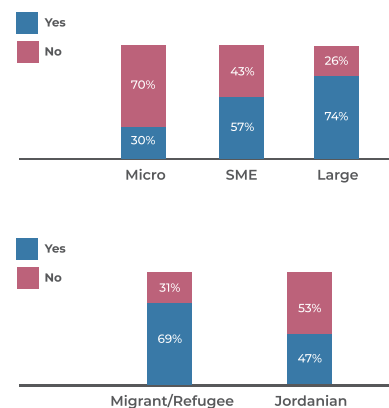
Fifty-four per cent of SME expenditures are spent on local goods and services with the rest on imported. This affirms Jordan’s historic reliance on and access to regional countries and neighboring markets. The impact of Jordan’s trade agreements with both the US and the EU may yet yield more trade in the future. Currently, Jordan’s presence remains strongest in regional and Asian markets.

Participation in international trade differs significantly by firm size. Only 30 per cent of micro-sized enterprises import and 28 per cent export. By contrast, 74 per cent of large enterprises import while 83 per cent export. There is also a notable disparity between the international trade rates of refugee/migrant-owned firms and Jordanian ones. Sixty-nine per cent of refugee/migrant-owned SMEs import goods and services compared to 47 per cent of Jordanian SMEs, and 65 per cent export versus 48 per cent, respectively.

Importing

SMEs in Jordan mostly import from China for its diverse range of products, low prices, and its permanent status as a “most favored nation” (obtained by the World Trade Organization in 2001), which allowed the country to benefit from reduced tariffs and achieve global market penetration at competitive prices. This is reflected in this study’s findings, which show that of the businesses that import goods and services, SMEs predominantly source from China (53 per cent), Europe (36 per cent), and Turkey (18 per cent). Large enterprises import from India first (41 per cent), then Europe (35 per cent) followed by Saudi Arabia, “other Asia,” and China, each at 29 per cent.

Figure 13 –
Import Goods and Services by Business Size and Ownership



Exporting

Data from this research suggests that businesses in Jordan are focused on increasing exports to existing markets rather than accessing new markets, even though business owners have expressed an interest in the latter in qualitative discussions. This is evident through the trends in export markets, which continue to be focused on proximate neighbors. And though more than 57 per cent of SMEs export goods and services, the average business revenues from exports is only 46 per cent. The need to diversify markets instead of diversifying products exported to existing markets signals a linkages opportunity for SMEs in Jordan. Existing free trade agreements with the US as well as the agreement with the EU on the relaxation of the ROO offer great opportunities for SMEs to capitalize on those agreements and access new customers.

There is also a gulf between refugee/migrant-owned SMEs and Jordanian businesses in exporting goods and services. Sixty-five per cent of refugee/migrant-owned businesses export while just 48 per cent of Jordanian businesses do the same. Syrians are experienced exporters, which may help explain this difference, along with the broader international networks that refugees and migrants may bring to the market in Jordan.

In terms of markets, refugee/migrant-owned SMEs export more to nearby countries than Jordanian businesses: Saudi Arabia (32 per cent versus 24 per cent), Syria (18 per cent versus 7 per cent), Palestine (15 per cent versus 9 per cent), Kuwait (13 per cent versus 8 per cent), Egypt (13 per cent versus 10 per cent), and Turkey (6 per cent versus 1 per cent). A similar rate of both refugee/migrant-owned and Jordanian-owned SMEs export to Iraq (18 per cent versus 21 per cent), while Jordanian-owned firms export at greater rates to the UAE, Qatar, and Bahrain.

Figure 14 –
Exports Goods and Services by Business Size and Ownership

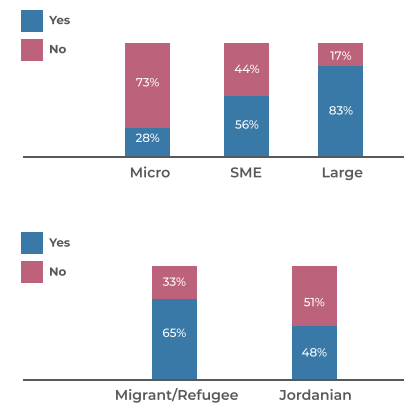
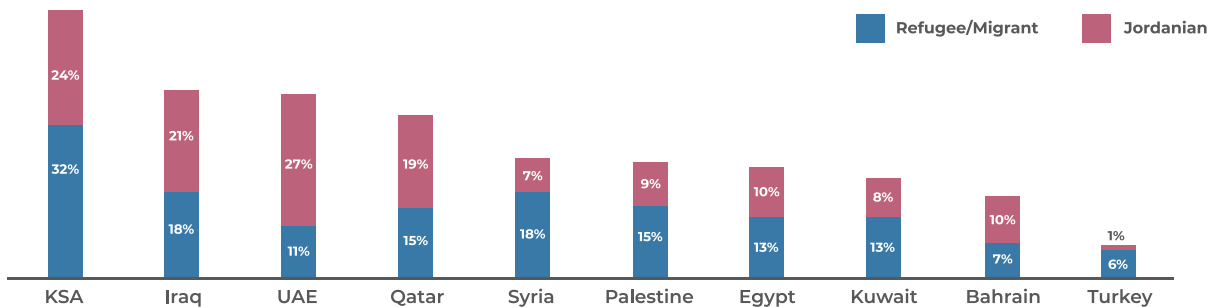


Figure 15 –
Exports by Country and Ownership

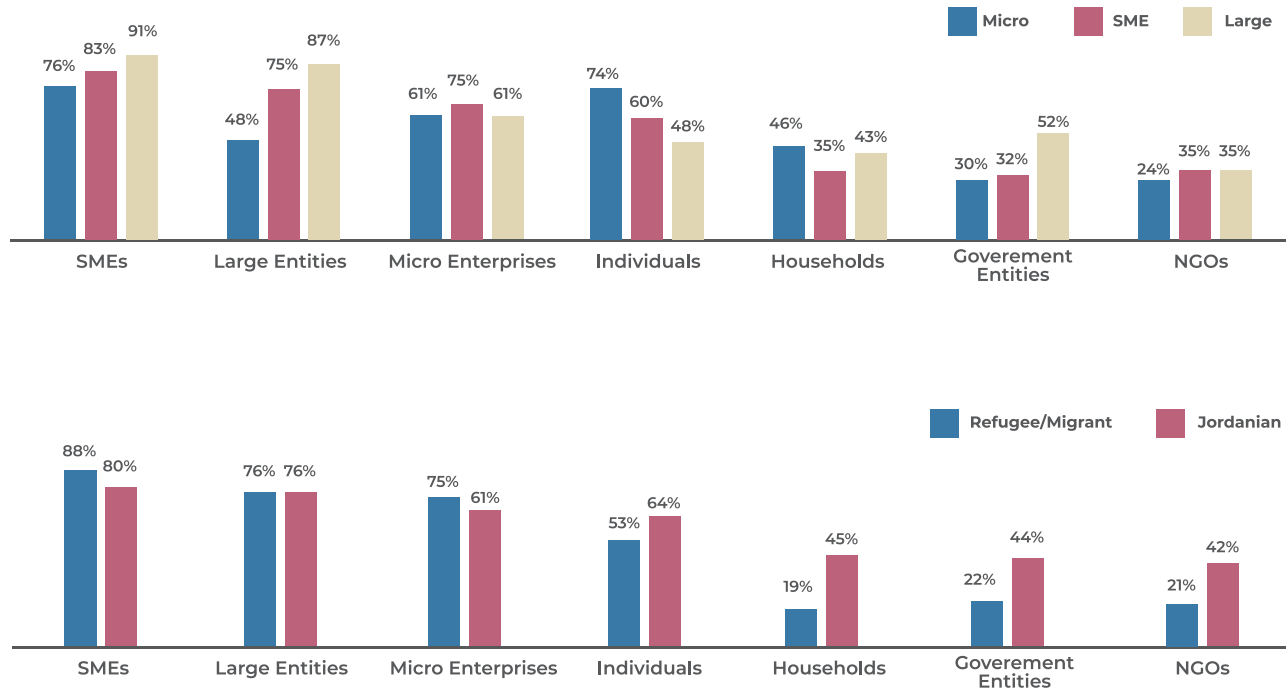


Customers and Business Relations

A similar rate of SMEs from each group have had an international client in the last six months (82 per cent of refugee/migrant-owned businesses, and 85 per cent of Jordanian-owned businesses). Both refugee/migrant-owned and Jordanian businesses reported few strategic partnerships with other Jordanian companies. This could represent an opportunity to increase collaboration between refugee/migrant and Jordanian-owned firms, particularly where complementary expertise and competitive advantage exist that could broaden and deepen their market reach.

When asked about their customers, 60 per cent of SMEs reported doing business with individuals, while 35 per cent include local NGOs in their customer base.

Figure 16 –
Customers by Business Size and Ownership



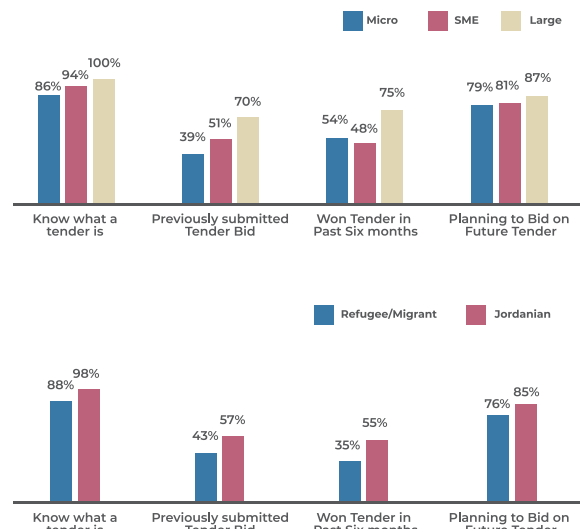
Roughly the same percentage of SMEs (77 per cent) and large enterprises (78 per cent) expressed that international entities operating in Jordan either “definitely” or “may” represent good business opportunities as opposed to 66 per cent of micro-sized enterprises. There is little difference between migrant/refugee-owned businesses and Jordanian firms, with 76 per cent and 77 per cent, respectively, believing that international entities represent a good opportunity for business.

Tenders

This research found that 51 per cent of surveyed SMEs bid on tenders, and 48 per cent of those SMEs won tenders in the last six months. According to SMEs, this is due to a lack of tenders relevant to their businesses, long payment processes that make it unfeasible to compete, as well as difficulty finding tenders to bid on.

Jordanian businesses report higher tender literacy than businesses owned by refugees and migrants. The rate of knowing about tenders is 10 percentage points higher among Jordanian businesses. Furthermore, Jordanian businesses participate in tenders at higher rates than refugee/migrant-owned businesses do (a difference of 14 percentage points, 57 per cent to 43 per cent, respectively). Of those SMEs that reported previously submitting a tender, 55 per cent of Jordanian-owned businesses stated they won tenders in the past six months compared to 35 per cent won by refugee/migrant businesses. This may

Figure 17 –
SME Tender Experience by Business Size and Ownership

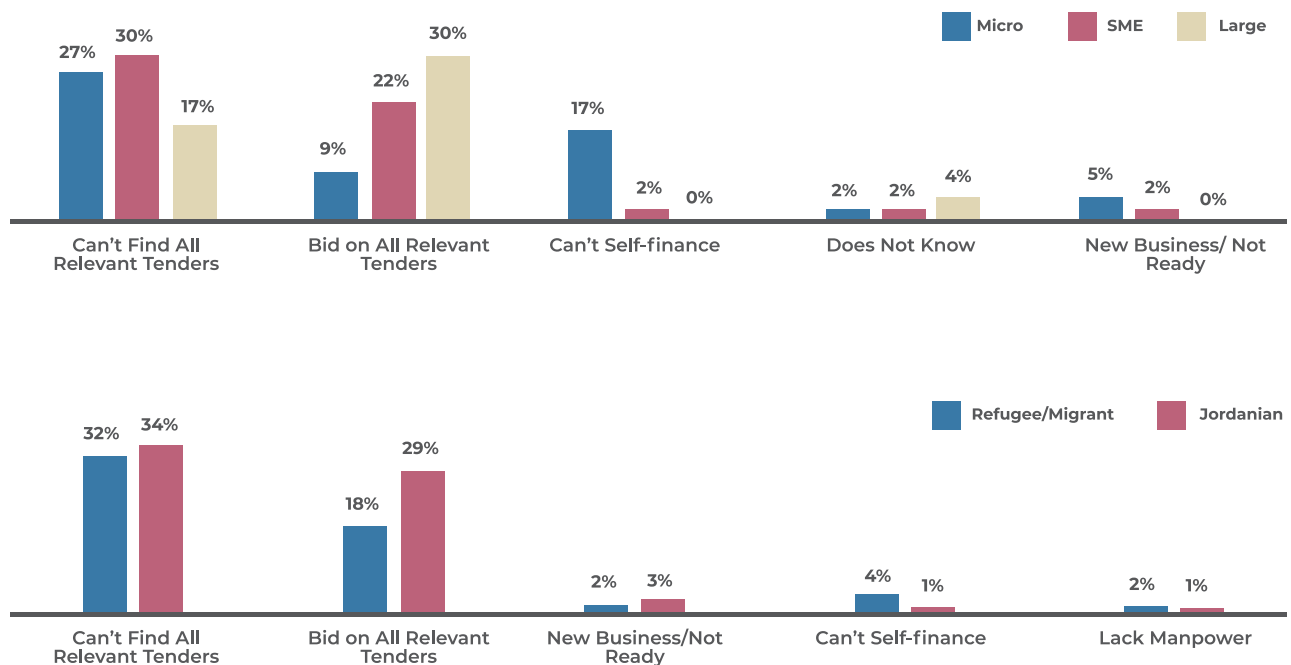


be due in part to Jordanian businesses having a longer history in the market along with more well-established networks. Importantly, refugee/migrant-owned businesses close that gap when answering whether they plan on bidding on tenders in the future (a difference of 9 percentage points, 85 per cent of Jordanian businesses to 76 per cent of refugee/migrant-owned).

As noted above, 62 per cent of SMEs overall stated that local and international NGOs in Jordan “definitely” represent a good opportunity (along with an additional 17 per cent who say “maybe”), even though only 35 per cent of surveyed SMEs reported NGOs as present customers. On the other hand, INGOs that were surveyed cited SMEs’ lack of sufficient capacity to deliver the high volume of products required in published tenders, causing them to favor larger suppliers. More than five stakeholders indicated that they have tried to support SMEs by decentralizing their Jordan procurement procedures and promoting local procurement within governorates where projects are implemented. However, this effort was not successful, and stakeholders found themselves forced to procure from Amman rather than from Irbid or Mafraq or any of the other governorates mainly due to the perceived or real inability of SMEs to deliver the desired quantities and quality within the needed timeframe.

This is a fundamental barrier between buyers and suppliers seen in most markets, which results in a missed opportunity to pull more SMEs into the supply chains of larger and international organizations and companies. SMEs often do not know where to find tenders and lack access to training that properly equips them with the knowledge required to compete for and manage those contracts. At the same time, buyers lack reliable information on the local marketplace and often do not have the channels to broadly disseminate their procurement requests and supplier requirements to local businesses. This creates a matchmaking prospect in the Jordan market.

Figure 18 –
Reasons for not Bidding on Tenders by Business Size and Ownership



3.6 Women Entrepreneurs

Building Markets' survey sample includes 88 women-owned businesses (this includes firms where women have full and/or partial ownership). Fifty-nine of these enterprises are SMEs and roughly 87 per cent were found in Amman and the rest were distributed in Irbid, Madaba, and Zarqa.

Women-owned SMEs predominantly operate in the manufacturing sector (41 per cent), which is 13 percentage points lower than SMEs that are owned exclusively by men. Other common business sectors include: "other service activities" (22 per cent), "information and communication" (10 per cent), "wholesale and retail trade" (7 per cent), "accommodation and food services," "education," "human health and social work," and "information and communication" each at 5 per cent; and "agriculture forestry and fish" and "arts and entertainment" are 7 per cent when combined. Among non-Jordanian business owners, the most common nationality of women-owned businesses is Syrian.

More than 58 per cent indicated that they export goods and services (as opposed to 54 per cent of male-owned firms). Ninety-three per cent of women-led companies reported that they had an international client in the past six months versus just 80 per cent of male-owned businesses. Thirty-seven per cent directly import (versus 65 per cent of male-owned enterprises), with China being the highest import nation.

According to a report by Refugees International, "only 4 per cent of the work permits issued by the Jordanian government to Syrians have been obtained by women." This was highlighted during a FGD, where Syrian women revealed that self-employment can help them earn a living given the challenges they face in obtaining work permits. The new HBB legislation enacted in 2018 allowing Syrians to register home-based enterprises acknowledges the important role of female entrepreneurs and should expand their access to customers, markets, and livelihoods.

Investing in women entrepreneurs can have important knock-on effects. For example, women-owned firms have more female managers than male owned businesses, at 37 per cent compared to 12 per cent. Women also tend to hire more women (32 per cent of their full-time workforce is women) compared to male-owned businesses, which have 25 per cent full-time women employees.

Women-owned businesses highlighted the need for investors, strategic partnerships, and access to markets. In addition, 81 per cent of female business owners indicated interest in seeking investors (as opposed to 72 per cent of male-owned businesses) and 75 per cent specified a need for more capital (while only 58 per cent of male-owned businesses stated the same). Interest in receiving a bank loan is higher among small businesses (38 per cent) than among medium-sized ones (32 per cent). This is further emphasized by 78 per cent of female-owned small businesses expressing a requirement for additional capital in the coming six months, compared to only 47 per cent of medium businesses. However, there is a gap between an interest in loans and their availability.

Despite the Jordan Central Bank's efforts to support SME financing through loan guarantees, women who owned businesses reported that banks continue to be risk averse. Women entrepreneurs participating in the study also expressed their hesitation to take on loans, especially if they are not aware of loan guarantees that might be available to them. Bridging this gap through greater access to information and resources represents a market opportunity for both businesses and banks, which could help fuel women's entrepreneurship in Jordan.

While the data indicates the strong entrepreneurial nature and presence of women-led firms, a focus group held by Building Markets (exclusively for women) showed that cultural barriers and social norms play a crucial role in women's entrepreneurship in Jordan. Some women expressed difficulty in pursuing work outside of the house, as men were seen as providers and women as caretakers. Women shared they were discouraged from taking on the financial risk associated with being a formal member of the economy. Further, safety concerns from their

families and communities discouraged them from “staying out late” and working. However, women participants also shared that online and freelance work was helping them overcome some of these social and cultural barriers as they were able to work from home. They also advised that social campaigns and legal changes should empower women’s economic participation and ensure they are treated equally in terms of access and pay.

3.7 Outlook and Challenges

In the near-term, SMEs are the most optimistic group in the sample in terms of expectations for profit growth, with 61 per cent expecting their profits to increase in the next six months, and 58 per cent planning to hire more employees. Micro enterprises were the least optimistic with 52 per cent anticipating an increase in profits, and 52 per cent expecting to hire new staff. However, the entire economic outlook across all categories is generally positive, with approximately 80 per cent of each business category expecting profits to either improve or stay the same, and between 82 per cent and 93 per cent of businesses (depending on the category) anticipating the number of people they employ to either increase or stay the same.

While more Jordanian-owners are bullish about their profit expectations over the next six months than refugee/migrant-owned businesses (66 per cent to 55 per cent), so too are more Jordanian business owners pessimistic about their outlook (19 per cent expect profits to decrease, while only 14 per cent of refugee/migrant business owners feel similarly).

The biggest reported challenges facing SMEs in Jordan include, in order: government policies (25 per cent), competition (11 per cent), accessing finance (9 per cent), and lack of customers (9 per cent). When separated by ownership, Jordanian SME owners worry more about “difficulty accessing finance” (11 per cent, versus 6 per cent for refugee/migrant-owned SMEs) and “lack of skilled labor” (9 per cent versus 6 per cent). Refugee/migrant-owned businesses worry more about competition (14 per cent versus 9 per cent), “lack of customers/no demand” (10 per cent versus 8 per cent), and “high operating expenses” (15 per cent versus 7 per cent).

Figure 19 –
Expectations for Employee Changes by Business Size and Ownership (next 6 months)

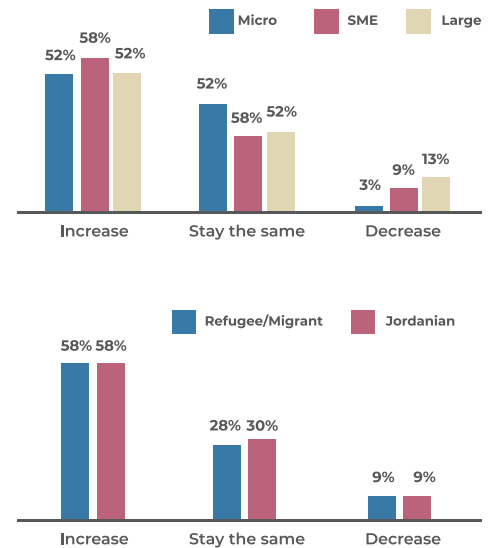


Figure 20 –
Expectations for Profit Changes by Business Size and Ownership (next 6 months)

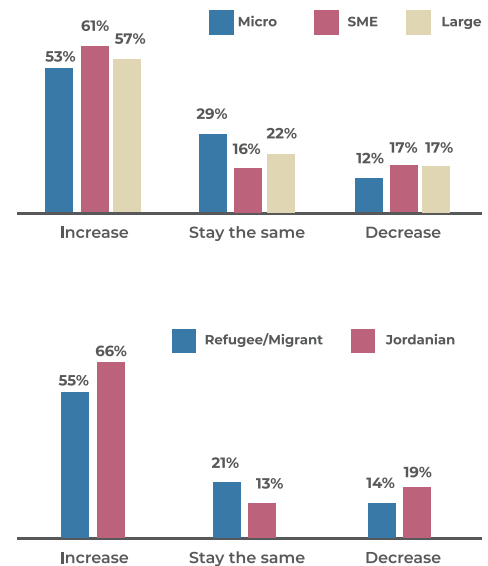


Table 13 – Biggest Challenge by Business Size and Ownership (in 6 months)

Business Size	Micro	SME	Large
Government Laws & Policies	6%	25%	39%
Competition	18%	11%	17%
Difficulty Accessing Finance	21%	9%	9%
Lack of Customers/No demand	18%	9%	0%
High Operating Expenses	4%	11%	9%
Other*	12%	6%	4%
Lack of Market Information	7%	7%	4%
Environmental Factors	3%	9%	4%
Taxes too High	4%	1%	9%
Lack of Skilled Labor	1%	7%	0%
No Challenges	0%	1%	4%
Corruption	1%	3%	0%
Lack of Supply	1%	1%	0%
Tendering	1%	0%	0%
Lack of Unskilled Labor	0%	1%	0%
Grand Total	100%	100%	100%

*When asked to describe their "other" response, businesses most often pointed to the "economic situation in Jordan," "market challenges" such as access, expansion, and growth.

By Ownership	Refugee/Migrant	Jordanian
Government Laws & Policies	26%	24%
Competition	14%	9%
High Operating Expenses	15%	7%
Lack of Customers/No demand	10%	8%
Difficulty Accessing Finance	6%	11%
Lack of Skilled Labor	6%	9%
Lack of Market Information	4%	9%
Other*	2%	8%
Environmental Factors	0%	9%
Corruption	3%	4%
Taxes too High	1%	1%
No Challenges	1%	1%
Lack of Unskilled Labor	2%	0%
Lack of Supply	2%	0%
Grand Total	100%	100%

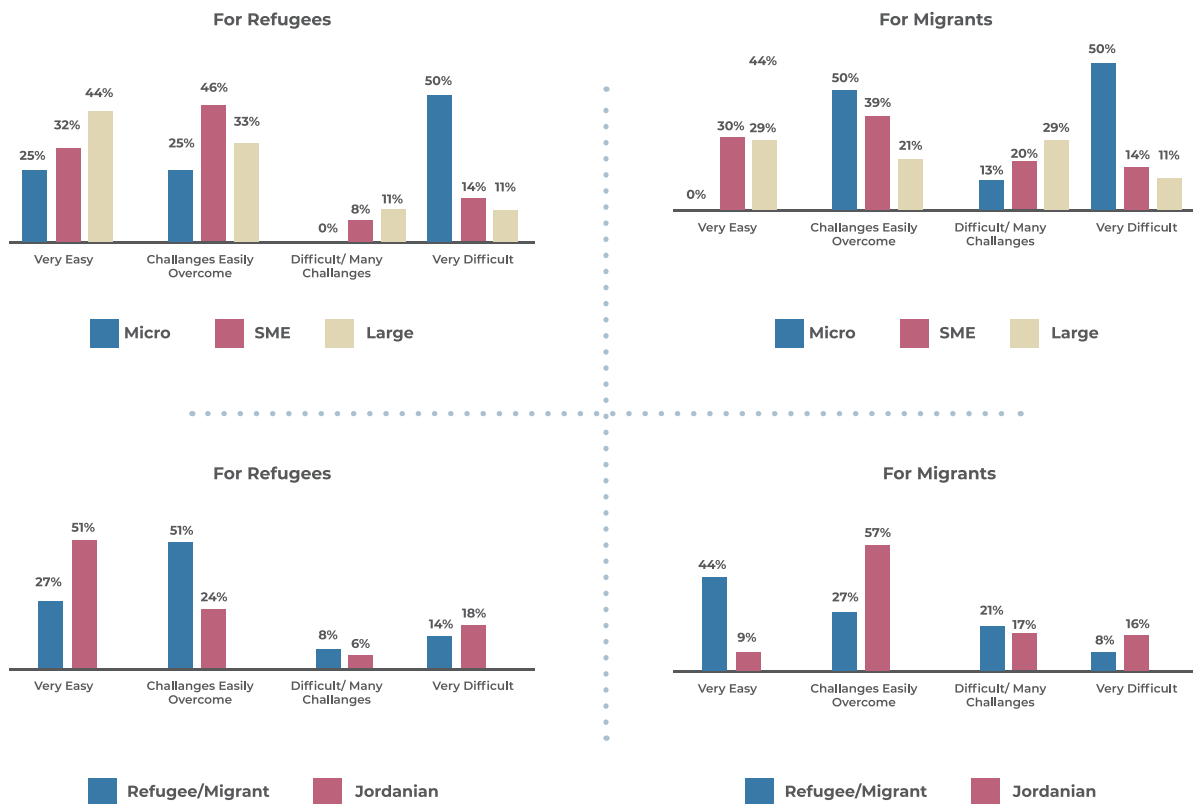
*When asked to describe their "other" response, businesses most often pointed to the "economic situation in Jordan," "market challenges" such as access, expansion, and growth.

While Jordan's leadership acknowledges that job creation is led by SMEs, policies and reforms that will allow these economic engines to thrive have not taken hold. Non-Jordanians in general, and Syrians specifically, highlighted as major challenges the lack of clarity around procedures, criteria for registering businesses, including capital and Jordanian partner requirements. Inconsistencies between statements made, laws passed, and uneven policy enforcement has also made business planning and investment decisions difficult. This was noted during FGDs where entrepreneurs reported that they often cannot provide the high collateral and guarantees required. Further, businesses shared that the registration process can be interrupted by other government entities that require additional documentation or by the Ministry of Interior and the Intelligence Department for security reasons. This is despite article 6 in the companies' law No. 22 of 1997, which states that prior approval is not required from any other entity to register any company, provided that no legislation requires otherwise.

Refugees and migrants also report struggling with the decision to move their production sites to Jordan from Iraq, Syria, and Palestine due to the high costs of manufacturing. In the case of large Syrian businesses, many have been returning to Syria to reopen their manufacturing facilities since the reopening of Nasib Jaber crossing in October 2018. One Syrian business owner shared, "The cost of manufacturing in Syria is 75 per cent less than it is in Jordan, this does not mean we would close the operation in Jordan; however, keeping it as a management only facility is a possible future decision."

Obtaining work permits is another reported obstacle. Micro-sized enterprise owners found the process of getting work permits “very difficult” at higher rates than SME and large businesses. Interestingly, all groups found it easier to get permits for refugees than for migrants. This aligns with the study’s desk research, which found that across sectors, migrants suffer from an inaccessibility to work and residency permits, as only employers can obtain such visas for workers.⁶

Figure 21 –
Experience Obtaining Work Permits for Refugees and Migrants by Business Size and Ownership



Lastly, SMEs in Jordan highlighted the need for practical training and support to help them scale their businesses and access new markets. Strategic marketing and sales and marketing were by far the most requested curricula. Many incubators and training centers are distributed around Jordan, but very few tackle the immediate challenges faced by SMEs, including their efforts to increase their market share inside and outside of the country. In this vein, there was also consensus around the desire to expand exports. Given the difficulties SMEs identified around finding and competing for tenders, this represents another gap in knowledge and skills that is easy to address through training and greater accessibility to business information.

4

CONCLUSION AND RECOMMENDATIONS

Jordan has experienced significant turmoil over the last decade. First, the global financial crisis took its toll, and then before markets could recover, Jordan began taking in refugees from the Syria conflict, ultimately absorbing 1.4 million forced migrants over eight years. Simultaneously, primary trade routes closed, and Jordan's resources and infrastructure were quickly depleted and strained by a massive population growth. As a result, the country's debt rose, unemployment increased, and GDP rapidly declined. While Jordan has received unprecedented levels of aid, the ebbs and flows of assistance have also made it difficult to strategically leverage this support.

These events have created an urgency for Jordan to work with its partners and plan beyond the immediate crisis so that it can lay a foundation from which durable solutions can emerge. In 2015, a plan to transform the economy by 2025 was introduced, and included ambitious reforms and policies intended to reduce poverty and joblessness, develop promising sectors, and attract investment and talent that can strengthen Jordan's position with its trading partners and within the region. The government has also enacted measures to allow refugee newcomers to actively engage in the economy. Progress has been slow, however, and Jordan's stability remains at risk, particularly as it copes with accommodating over a million new refugees, including integrating workers into the labor market.

Many view this influx as negative; however, Jordanian, migrant, and refugee entrepreneurs offer another side to the story. Since the first wave of migrants and refugees saw a better future in Jordan, they have been contributing to the country's development. Many are skilled traders, have moved a business to Jordan, and are introducing new products to the market. Ensuring that these entrepreneurs can thrive will create much needed jobs and ensure Jordan remains on a path of inclusive and sustainable economic growth.

4.1 Policy and Regulatory Environment

Given the need to generate employment and economic dividends for refugee and host communities in Jordan, the government should consider policies and regulations that specifically enable the growth of SMEs and the formalization of refugee/migrant firms:

- Assist refugee/migrant and Jordanian SMEs in increasing employment opportunities within their firms by: 1) boosting access to work permits for refugees, specifically Syrians; 2) opening up new sectors where refugees can operate businesses and be employed; 3) ensuring refugee and migrant women entrepreneurs have equal access to economic opportunities by boosting the number of work permits issued for women, and providing incentives to attract women entrepreneurs.

- Develop “inclusive” local procurement policies that emphasize contracting goods and services from SMEs and creating quotas for contracting SMEs that are women-owned, refugee/migrant-owned, or that employ refugees, where such vendors can perform to acceptable standards and at a cost equal to or less than alternatives.
- Ensure refugee entrepreneurs have access to information regarding regulations, criteria for registration, including costs and time frames, and other incentives. Centralize information but widely disseminate it through relevant channels including online portals and business associations.
- Government entities involved with registration of new firms should be coordinated and trained on changes in policies to ensure equal enforcement.
- Increase transparency and expedite processes for registration and security checks (including rejections and approvals) for refugee and migrant firms.

4.2 Business Support

Without targeted business support services refugee and migrant entrepreneurs may not engage in the formal economy, which could create missed opportunities to scale promising firms.

- Offer business training that is demand-driven and aligned with SME growth constraints (for all SMEs in the market). These courses should be delivered by knowledgeable trainers who are fluent in Jordan’s evolving business environment. In particular, SMEs identified training on sales and marketing, strategic marketing, and competing for tenders.
- Create champions that can mentor or be a resource to businesses owners.
- In particular, ensure that relevant services cultivate relationships between Jordanian and refugee/migrant SMEs, especially women.
- Where possible, ensure business support services target both refugee/migrant and Jordanian entrepreneurs to leverage resources targeting SMEs and accelerate growth through new partnerships.
- Communicate the economic contributions of Jordanian and refugee/migrant SMEs to the local economy through greater coverage of success stories. Sharing case studies from successful SMEs that were able to penetrate new markets may provide a helpful roadmap to younger, less experienced entrepreneurs and build more trust in Jordanian products locally.

4.3 Access to Markets

SMEs in Jordan are struggling to reach new domestic, regional, and international markets due to a lack of visibility, networks, and infrastructure, which limits their growth.

- Facilitate business relationships and linkages between SMEs and potential buyers through better visibility of Jordanian, refugee/migrant capabilities, product and service offerings, and track records. Maintain up-to-date profiles that can be accessed by international organizations, investors, and multinational corporations.
- Ensure tenders are easily accessible to SMEs through user-friendly directories. Include NGO sector tenders, along with private and public sector opportunities.
- Encourage Jordanian and international businesses to seek out refugee/migrant SMEs as partners when entering markets where they are experienced, well-established, and may have a competitive advantage (e.g. MENA region). This can be accomplished by increasing awareness of the strengths of refugee/migrant businesses and facilitating networking opportunities.
- Encourage the Jordanian government and INGOs to issue tenders that provide incentives for bidders to include SMEs in their supply chains.

4.4 Access to Finance

Refugee/migrant and Jordanian SMEs present an economic opportunity for banks and investors. However, institutions and financiers seem to be bypassing this market due to insufficient information on credit and investment-ready firms, low risk tolerance, and a lack of products and facilities that align with firm needs.

- Increase access to finance by ensuring transparency, developing alternative risk models that help banks evaluate SMEs, including innovative products such as invoice factoring and extending loan guarantees.
- Ensure transparent and consistent interpretation and application of commercial banking policies by training bank personnel.
- Attract new investment in the region by establishing investment support offices to share information. Alongside this, develop and support diaspora hubs and angel investor networks in Jordan that can engage and introduce investors to opportunities in the country.
- Provide pipeline development assistance to local and international investors through access to data on business operations, history, and performance. Facilitate introductions and exposure through seminars, showcases, and pitch-sessions. Tailor efforts to engage impact investors.

ANNEX I

LIST OF STAKEHOLDERS

Lastly, SMEs in Jordan highlighted the need for practical training and support to help them scale their businesses and access new markets. Strategic marketing and sales and marketing were by far the most requested curricula. Many incubators and training centers are distributed around Jordan, but very few tackle the immediate challenges faced by SMEs, including their efforts to increase their market share inside and outside of the country. In this vein, there was also consensus around the desire to expand exports. Given the difficulties SMEs identified around finding and competing for tenders, this represents another gap in knowledge and skills that is easy to address through training and greater accessibility to business information.

17 Asset Management	Jordan Investment Commission
17 Jordan	Jordan Loan Guarantee Corporation
ActionAid	Landmark Hotel
Amcham Jordan (American Chamber of Commerce)	Leaders International
Amman Chamber of Industries	Leading Point Management Advisory Services
Arab Islamic Bank	Luminus
BDC (Business Development Center) Jordan	Mercy Corps (2)
Business Professional Women Association	MicroFund for Women
Ministry of Planning and International Cooperation (Jordan Compact Unit)	Middle East Investment Initiative
Danish Refugee Council (DRC)	Paramount Fine Foods
European Bank for Reconstruction and Development	Rajhi Islamic Bank
Etihad Bank	Safe Ports
FHI 360	Sanadcom
FMO	SPARK
Groenendijk	Tamweelkom
GroFin (Nomou Fund)	UNHCR
Handicap International	UNRWA
International Finance Corporation	USAID – LENS
Intersos	World Bank (2)
Dash Ventures	Zain Communications (2)

11/5/2018 Amman	Women Economic Participation in Jordan	Women in Business	This focus group aimed to understand constraints to women's participation in Jordan's economy and as well as opportunities for improvement. (8 women business owners participated from the manufacturing, food processing, and education sectors)
11/7/2018 Amman	Unregistered Syrian Businesses	Syrian informal business owners seeking to formalize their businesses	This focus group highlighted market access barriers and opportunities for Syrian businesses that are not investors in Jordan. (5 business owners attended from the manufacturing, entertainment, and online marketing sectors)
11/13/2018 Amman	Exporting from Jordan	Business owners	This focus group revealed challenges and opportunities for Jordanian exporters. (7 Jordanian and refugee-owned businesses attended mainly from the manufacturing sector)
12/5/2018 Amman	Private Sector's Role in Supporting Entrepreneurship in Jordan.	Private sector representatives for businesses operating in Jordan.	This focus group discussed and helped create alignment among stakeholders with regards to the private sector's interests, challenges, gaps, and role in supporting entrepreneurship.

ANNEX II

ENDNOTES

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Another Side to the Story Jordan

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