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Promoting social entrepreneurship in the Mediterranean Region

MACRO LEVEL RESEARCH UPDATE OF THE MedUP!

COUNTRY ANALYSIS JORDAN 2022

Prepared by:

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MEDUP!

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1. Jordan's economy (an overview)

Slowly and gradually, the Jordanian economy is overcoming the deep repercussions of the Coronavirus crisis. The major indicators of the Jordanian economy indicate that it achieved a real economic growth rate of approximately 1.8% in the first half of 2021, after a contraction of 1.6% in the year 2020 as a result of the stifling pandemic that the world witnessed. We say that the economy has passed the most difficult point, but it has not yet recovered, and with a quick inventory of the major indicators for 2021, we will see that we are far from “recovery”: the budget deficit after grants for 2021 has reached -2.9% as a percentage of gross domestic product (GDP, until July). The current account is -15.3% as a percentage of GDP in the first half of 2021, and the total public debt is 34 billion JD (until July). The unemployment rate among young people in the 15-24 age group was nearly 50% (44.9% for males compared to 63.5% for females).

These alarming rates of unemployment in Jordan, which mean that half of young people are unemployed, are the highest in the region, taking into consideration that the Jordanian economy is a service-oriented economy that depends mainly on services, which represent approximately 65% of GDP, and this sector received a severe blow during the Coronavirus crisis through the closures that occurred and the downtime in the small enterprise sector.

Like other sectors, social facilities in Jordan have been affected by this crisis, to an extent that may amount to inability to continue working. On the other hand, some sectors have completely stopped working due to circumstances beyond their control, such as the tourism sector, handicrafts and technical professions, such as popular restaurants and beauty salons, and other professions like plumbing, blacksmithing and carpentry. This requires encouraging companies to go online and provide the relevant training and knowledge courses for their workers. It is the first step for a gradual digital transformation of marketing, knowing that the marketing problem does not result from the crisis, but intensified during the crisis, since micro and small companies suffered from it previously¹. Approximately 70% of the workforce in Jordan works in the service sector, according to a World Bank report. This was reflected in the increase in

¹ Study: The needs of micro, small and medium enterprises in light of the emerging corona crisis,, 2020 Economic and Social Council

unemployment, as was the inability of the Jordanian economy to create more job opportunities with modest economic growth rates (2%). This was due to many reasons, the most important of which is the decline in net foreign direct investment into Jordan in the first half of this year by 55%, according to the financial stability report issued by the Central Bank of Jordan.

The following table shows GDP (nominal vs. real as published by the Central Bank of Jordan), and indicates a slow increase in GDP.

GDP (nominal/real) 2015-2020		
Year	GDP (nominal) - million JD	GDP (real) - million JD
2015	27,396.8	27,769.9
2016	28,323.7	28,323.7
2017	29,400.4	28,914.8
2018	30,481.8	29,474.1
2019	31,597.0	30,050.4
2020	31,025.3	29,584.3

Source: Central Bank of Jordan, Monthly Statistical Bulletin for February 2021,
<https://www.cbj.gov.jo/Default.aspx>

2. The Jordanian economy and the Coronavirus pandemic

As is well known, the Coronavirus pandemic constituted a great shock with unprecedented effects that provoked a state of instability among the general public and a large degree of uncertainty in the global economy. The contraction of global economic activity in 2020 amounted to -3.3%, compared with a growth of 8.2% for the year 2019, while in Jordan, the economic contraction for the year 2020 amounted to about -6.1%, compared to economic growth of about 2% in 2019. Jordan was affected, like other countries of the world, by the Coronavirus pandemic and its negative repercussions on most economic activities, but the rate of contraction recorded by the Jordanian economy was much lower than expected. However, the proactive and comprehensive measures taken by the government and the Central Bank contributed significantly to reducing the severity of deflation and led to a recorded contraction rate which was among the lowest in the region. Preliminary results indicate an increase in the economic growth rate in

the Kingdom for the first quarter of 2021 to 3.0%, which indicates the start of the recovery of the Jordanian economy, especially given the stability of the epidemiological situation in the Kingdom, which helped to reopen the economic sectors that have gradually begun to recover.

The unprecedented threats associated with the Coronavirus crisis that has swept the world since the beginning of 2020 have had significant humanitarian and economic costs and implications. In an attempt to modify the effects of these rapid developments, the Jordanian government has taken, since the beginning of the crisis, a set of proactive and comprehensive measures in order to contain the negative repercussions of this crisis on the local economy. The total value of these measures amounted to about 7.2 billion Jordanian dinars, representing 6.8% of GDP. The Central Bank:

- injected 1,050 million dinars' worth of liquidity into the national economy by reducing the mandatory cash reserve on deposits with banks from 7% to 5%;
- provided 550 million Jordanian dinars in additional liquidity to the banking sector;
- concluded repurchase agreements with banks amounting to 500 million dinars for a term of up to one year in order to meet the financing needs of the public and private sectors, especially micro, small and medium enterprises.

Another important measure was that the Central Bank of Jordan asked banks to postpone the repayment of loans granted to individual customers and companies affected by the pandemic without delay, interest or additional commissions during the year 2020. Subsequently, this procedure was extended until the end of 2021. The Central Bank also launched a soft financing programme to support small and medium companies and help them cope with the effects of the Coronavirus crisis amounted to 500 million JD. Also in 2021, the programme ceiling was increased to 700 million JD and extended until the end of 2021.

On the other hand, Table 2 shows a set of indicators that determine Jordan's ranking according to the Global Competitiveness Report, according to a set of indicators, the most important of which is the business environment development indicator, which indicates that Jordan ranked 64 out of 141 countries.

Table 2

Jordan Indicators in Global Competitiveness Reports: 2011-2012 - 2019-2020

Global Competitiveness Report	2011-2012 ranked out of 142 countries	2013-2014 ranked out of 148 countries	2015-2016 ranked out of 140 countries	2019-2020 ranked out of 141 countries
Global Competitiveness Index	71	68	64	70
Basic requirements	-	76	-	-
Institutions	45	38	36	46
Infrastructure	59	54	70	74
Macroeconomic environment	97	138	130	111
Health and basic education	72	65	54	*45
Efficacy triggers	-	70	-	-
Higher education and training	59	56	50	58
commodity market efficiency	54	39	39	61
Labour market efficiency	107	101	93	84
Financial market development	65	79	71	33
Technical readiness	59	70	76	82
Market size	88	87	76	80
Catalysts for innovation and development factors	70	51	-	-
Evolution of the business environment	68	47	40	88
Innovation	77	53	40	64

Source: World Economic Forum, The Global Competitiveness Reports 2019-2020-2012-2011, Geneva, Switzerland.

It is obvious from the above table that there is a structural weakness in the business environment that affects small and medium enterprises, the entrepreneurship sector in general, and social enterprises in particular. Social enterprises are the only option for marginalised communities, since private investors tend to abandon them in favour of more profitable markets or less remote areas. Moreover, social enterprises have the potential to support and complement public policy measures and contribute to the cohesion of society during fragile transitions, because they are distinct businesses with real value-added in addition to increasing financial benefits, which thus recognise their responsibility to engage in joint activities and develop meaningful social projects. The social economy is also an area where political innovation should be encouraged, by stimulating discussions between decision-makers and citizens, in order to improve lives, address aging societies, expand access to information and services, and encourage a more just and socially balanced society that is more influenced by the strength or weakness of the business environment. This requires greater attention to be paid to simplifying the procedures for starting projects, establishing them, obtaining licences and fees, and standardising references. Labour-intensive investment patterns should be encouraged. Here, we would like to point out the limitations of the Jordanian economy's ecosystem, among which are the difficulty of accessing financing and marketing, poor purchasing power and difficult access to information. However these are matched by opportunities that the social economy can offer:

Jordan's economic challenges	Opportunities from a socioeconomic perspective
1. High unemployment, especially among marginalised groups, females and young people.	The possibility of creating new opportunities through the projects that make up the social economy.
2. The atmosphere of instability prevailing in the region and hosting refugees.	Providing social economy institutions in Jordan with solutions to the problems that emerge from this challenge.
3. The impact of the Coronavirus pandemic on the economy and weak economic growth.	

3. Methodology

This research was carried out using a multi-method approach. Quantitative and qualitative approaches were used for verification purposes. The research methodology included the following:

1. Desk review of available data and research on social economy in Jordan;
2. Field visits to stakeholders related to the social economy in Jordan to gather information and the latest developments on social organisations and initiatives, including the nature of their social purpose, legal status, funding, profitability, innovation, engagement with the local community, networking and partnerships, and relationships with stakeholders.
3. Interviews with key stakeholders in projects in Jordan, including staff working in the systems supporting social enterprises, in order to assess the appropriateness of the policy framework to support the emergence, growth and expansion of the number of social enterprises in Jordan.

4. Analysis of the applicability of the social economy concept proposed by the SEAP in Jordan

- The reality of the social economy in Jordan

Social enterprise is sometimes discussed as a new phenomenon which arose around the turn of the 21st century, and evidence from a range of European countries is reported to suggest an “upsurge” in social enterprise activity in the early 21st century. Whilst the extent and definition of social enterprises might be contestable, social enterprise activities did not appear overnight and the roots go much further back than some growth narratives might suggest. Greater emphasis on social responsibilities in the private sector and a trend towards increased outsourcing of public services into the private and social sectors has highlighted the facts that the boundaries between first (private), second (public) and third (social) sectors are blurred, and that organisations may have

a combination of private, public, and social objectives. This blurring of boundaries did not suddenly appear with the rise in use of the term ‘social enterprise’. Social enterprises are organisations employing enterprising methods to fulfil a social purpose. They are specifically defined as ”autonomous organisations set up purposely for a clear social mission that generate their income through trade and reinvest most of their profits”(Preliminary study report on community institutions, Namaa Development Consulting Co. 2019 Jordan). It would be surprising if organisations fitting that description had not existed previously, albeit with a different label.

An institutional logic is a set of overarching norms and rules that shapes the values and goals of an institutional field. In other words, an institutional logic explains “the way a particular social world works”, it provides “rules of the game” or “a standard mode of operating” that makes behaviour predictable within an organisational field. Theoretically each institutional field is guided by a dominant institutional logic. In the case of social enterprises, the market logic and the social mission logic intersect. They have not one but two “standard modes of operating”.

On the one hand, **market logic** emphasises profit, competition, and commercial relationships between people. It promotes salesmanship and service delivery, fiduciary responsibility, is constrained by scarce client attention and resources, and leads to a focus on business imperatives. Business imperatives include production deadlines, business customer relations, quality control, expansion, competitive market position, growth by acquisition and increasing market channels and capital committed to market returns.

On the other hand, a **social mission logic** emphasises social objectives, public service and solidarity, embodies aims of social change to “explicitly improve societal well-being” in major areas of pressing social needs including poverty, health, education and violence, promotes social service provision, collective action, empowerment, and education, is guided by the normative expectations of stakeholders, and is funded by grants, donations, and fees. This leads to a focus on social service goals and programme requirements including grant deadlines, delivery targets, programme content such as skill building, and networking with like-minded organisations.

Based on the above-mentioned facts, we can see the challenges of the social economy in Jordan according to the following topics:

- Determining the government agency that should supervise government institutions in Jordan;
- Determine whether we need new legislation for SEs, or the adaptation of existing legislation to institutionalise SEs. In case of adaptation of existing legislation, the following laws should be discussed:
 - Cooperative Societies Law
 - Associations in their various forms, including private associations, open-member associations and closed associations
 - Not-for-profit companies
 - Islamic and Christian endowments
 - Private share companies
 - Clubs of all kinds
 - Micro, small and medium enterprises
 - home working

Concerning the types of the social economy structures in Jordan, we can observe that these structures operate under several different organisational and legal models including for-profit, hybrid, and non-profit models, and may be registered as non-governmental organisations (NGOs), or in any of a number of commercial enterprise forms. The results of the study confirmed the fact that the social economy in Jordan is complementary to the welfare system.

Realisation of the social economy and increasing its recognition are crucial if it is to be successful and bring benefits to Jordan. The country will benefit through greater social inclusion, less poverty, more gender equality, job creation, business growth and inclusion and integration of migrants, refugees and other vulnerable people.

To build on the social and solidarity economy principles and to promote embedding the principles of social solidarity in economic activity in Jordan, awareness programmes and campaigns that support creating legal frameworks and adopting reforms for existing social entities are important tools.

In Jordan, most social structures do not work to complement each other and have failed to build a culture of social work that is one of the most important sources of support to those who do not enjoy job opportunities within the government, especially women and people with special needs.

The best practice in the MENA region that can help regarding the social economy in Jordan is the Tunisian model, which was rooted in a legislative initiative, followed by the development of legislative and administrative aspects, advocacy campaigns, formulation of the legal framework, and approval by the parliament.

Opportunities for developing the social business ecosystem which can be exploited in Jordan are as follows:

1. Public awareness: there is a certain level of understanding within a limited population and a few social enterprises (SEs) are recognised by the actors.
2. Government engagement: there is no policy dialogue within a centralised government and minor dialogue initiatives within civil society.
3. Access to social business support: limited social enterprise programmes offered by existing entrepreneurship service providers.
4. Access to financing mechanisms: limited availability of social enterprise financing mechanisms.
5. Multi-type social enterprise networks and collaboration: unidentified networks and collaborative platforms.
6. The existence of the legal framework and the legislative environment capable of maximising the role and contribution of the social economy.

For the purposes of this research and according to the Jordanian case, the main characteristics of any institution concerned with social entrepreneurship have been designed, while the social initiative has the same dimensions but is not legally registered:

<ul style="list-style-type: none"> • Social dimension 	<ul style="list-style-type: none"> • The focus of the social enterprise is on addressing social needs/problems. The products & services provided have a “social significance” (the production chain is designed with the aim of integrating less fortunate individuals and enabling them to work, the enterprise responds to the gaps in social services, ... etc.).
<ul style="list-style-type: none"> • Entrepreneurial/economic dimension 	<ul style="list-style-type: none"> • The social enterprise provides services or goods on an ongoing basis in order to meet the new needs in the community. • Generate revenue and ensure some level of cost coverage (at least 10-15%). • Has an orientation towards staff recruitment and salary provision (it is preferable for all organisations to have paid employees, but despite this, new immature initiatives may not have any employees yet).
<ul style="list-style-type: none"> • Ownership & governance dimension 	<ul style="list-style-type: none"> • Transparent and participatory. • Participation of different stakeholders in the management bodies of the institution. • Commitment to profit distribution restrictions and restricting assets: reinvesting (a portion of profits) in building capacity and increasing impact.

• Analysis of the applicability of the social economy concept proposed by the SEAP in Jordan

Here we would like to point out the extent to which the concept of social economy contained in the European Union’s plan to support the social economy can be applied at the state level in Jordan.

(a) Cooperatives

In Jordan, cooperative societies are considered the basis for achieving the goals of the social economy. The history of the establishment of cooperative societies in the country goes back to the year 1952, when the majority of cooperative societies were rural credit societies and savings societies. They were formed to protect their members from the lenders and provide them with liquidity, contribute to improving their quality of life, and improve health, education and transport services.

At the present time, the cooperative movement in Jordan faces great challenges because it is unable to provide services such as education, training and management consultancy, and has suspended lending to members, which has resulted in the suspension of marketing activities and the supply of inputs and outputs for investment projects, which provide revenue for those cooperative societies.

The Jordanian Statistical Yearbook for 2019 states that 1,592 cooperative societies were registered in Jordan and that the number of members of these societies was 142,322 (1.4% of the country's population). This percentage is slightly higher than that of Palestine (1.2%).

The cooperative societies provided 20,000 direct jobs, or 1.4% of the economically active population in Jordan (over 15 years old). Their contribution to GDP is estimated at 0.1%. The total capital of all cooperative societies in Jordan amounted 106.1 million Jordanian dinars.

Agricultural cooperatives, multi-purpose cooperatives, agricultural cooperatives and multi-purpose cooperatives (most of which carry out agricultural management, marketing and financing as well) constitute 75% of the total basic cooperatives, and 64% of the total urban operations. These sectors are followed by women's empowerment cooperatives, which are active in many different economic sectors such as agriculture, handicrafts, textile production and waste recycling.

When looking at cooperative societies in Jordan as the mainstream in supporting the social economy, it is necessary to find appropriate solutions and mechanisms to reduce the obstacles and challenges they are facing, which are as follows:

- Cooperative societies depend to a large extent on government support and donors, and this does not include financial support;
- The lack of horizontal integration between cooperatives of all kinds and/or cooperatives operating in the same region;
- Weak administrative and financial capabilities of those in charge of managing cooperative societies;

- Weak government role with regard to the advisory aspect, training and strengthening awareness of the importance of cooperative work and its positive effects on the economic and social fields;
- Failure to find pioneering and innovative solutions to meet the previous challenges.

(b) Mutual benefit associations

As for mutual benefit associations and their being an essential component of the Jordanian social economy, they are in fact nothing more than family entities that organise assistance, mutual service, support and cooperation within the closed circle of a particular family.

(c) Associations

We can say that some charities have productive and operational projects that help alleviate poverty and unemployment for their local communities. As for the rest of the charities operating in Jordan, they work mainly on in-kind and material assistance provided by community members, and most of them suffer from challenges that greatly reduce their contribution to achieving social-economic goals for members of Jordanian society, especially for targeted groups such as the elderly, youth and women.

Specialised associations depend only to a small extent on selling their products to make profits in order to ensure their sustainability and improve their services. But it must be emphasised that these associations do have opportunities to obtain financial loans from government or private agencies to establish productive projects that would have a social impact on their local communities. They could thus play a major supporting role to the public sector by focusing on providing many social and economic services.

(d) Social economy

Social enterprises (SEs) generate economic and social value. Social enterprises are active in every sector. Their areas of focus are not limited to traditional social economics or politics. The logic and models of social enterprise work well in most sectors ranging from transport and telecommunications via health and education to tourism and banking. Many schools, social banks and health clinics are social

enterprises. However, at the same time, social enterprises are great partners in the field of social policy. Those that target disadvantaged groups provide economic and social inclusion through their services. In addition to the target groups, disadvantaged groups such as youth and women drive social economy around the world. On average globally, young people between the ages of 18 and 35 make up about 50% of social entrepreneurs, while women make up about 45% of social entrepreneurs. Thus, support for social entrepreneurship is support for youth, women and marginalised communities, which is very relevant to Jordan given the potential of youth and the low participation of women in labour market.

Social enterprises in Jordan are engines of innovation. Whether they produce sustainable and accessible product alternatives, develop climate-friendly agricultural products, manufacture plastic alternatives or water-saving solutions, or create digital applications and platforms that run on optimised algorithms, supporting social entrepreneurship means investing in social and green innovation.

5. The legal and legislative environment of the social economy in Jordan

There is an acceptable body of evidence that confirms that social economic principles are present in the Jordanian economy or society as a whole, especially in traditional social support mechanisms, but there is a gap in knowledge about the way in which these mechanisms support the broader social economy.

The social economy reconciles economic activity with social justice through social innovation, in order to combat exclusion and ensure equal opportunities, especially for marginalised groups, women and youth.

As is the case in neighbouring countries, social enterprises suffer from determinants related to the work environment, including the current regulations that limit business creation, corporate taxation, which affects the financial position of institutions and their viability for growth, in addition to the limited options non-profit organisations have in choosing profit-generating activities and deciding their volume. Jordan's social economy and initiatives face similar challenges, such as overlap and instability of legislation, government bureaucracy, high tax rates, and intense competition between these institutions.

In addition, the current legislation for entrepreneurial institutions in general poses a major challenge. Government officials lack an understanding of the laws and the mechanisms for their application. All of this shows that the legislation in force on the one hand lacks flexibility, and that employees do not have sufficient awareness of the importance of social economy and their role in developing local communities. On the other hand they are unable to direct and guide those wishing to register innovative initiatives. This leaves the business sector with two options, either to work for several months to obtain a special licence or to cancel the business.

As for the tax and social security laws, the owners of social enterprises may suffer from incurring high tax burdens like other business owners because the current laws and regulations do not distinguish between start-up companies and established large-sized companies in terms of requirements, in addition to this, entrepreneurs do not have

sufficient knowledge about the laws, which exposes them to fines or the cancellation of ideas.

It seems that tax and social security laws pose a major challenge to the social economy and require decision-makers in Jordan to intervene and search for best practices followed worldwide to support entrepreneurs. Some legislation needs to be adapted to suit local needs in order to create a better legislative environment that contributes to empowering Jordan's social economy. Reducing taxes or creating a special quota in government contracts in which social enterprises are the "provider" could help the growth and sustainability of these institutions.

As for the registration procedures, the process of registering with government institutions represents a great challenge. There are overlapping factors that hinder the registration process for the social economy, including the lack of sufficient awareness and knowledge of entrepreneurs about the registration process, which makes it long and expensive as they end up visiting several government institutions to complete the transaction without clear instructions on the registration mechanism.

There is a gap between the laws and policies that stimulate entrepreneurial work on the one hand, and their implementation on the other hand.

6. Relationship with public authorities

In general, there is a relationship between social enterprises and initiatives in Jordan and the governmental authorities, which includes many forms of cooperation, coordination, guidance and oversight. Most of the institutions and initiatives that have a relationship with the government were informal institutions established years ago and are invited to attend meetings and training courses. While social initiatives operate without a legal status, they cannot establish any official relations with the government. This indicates that most social enterprises and initiatives are not fully linked to the government's development programmes and plans. This requires government support through a package of measures directed at social companies, such as customs exemptions and tax incentives.

7. Recent developments at policy level

- Our desk research, interviews and field visits have enabled us to determine which are the relevant institutions and stakeholders in social economy which have the ability to influence the state of the social economy in Jordan, and these are shown in Table 3 below.
- It was found that the Ministry of Entrepreneurship and Digital Economy has prepared a draft general policy to support and develop social entrepreneurship, which is still undergoing administrative, technical and legal procedures. It is expected that these procedures will be completed With the beginning of next year 2023.
- The Jordanian Ministry of Youth, in cooperation with the Jordan River Foundation and in partnership with the United Nations Children’s Fund (UNICEF), has established a mobile social innovation incubator project, which aims to reach adolescents and young people, including refugees, to enable them to benefit from the services, resources, tools and incentives available in the incubation spaces and laboratories The project aims to enhance the economic and social impact of social economy projects.

Table 3

Possible roles of some partners and stakeholders

Organisation name	Organisation character	Potential role
Ministry of Digital Economy & Entrepreneurship	governmental	Draw up and prepare the general policy for social entrepreneurship
Jordan Enterprise Development Corporation (JEDCO)	governmental	Provide technical and logistical support to the owners of social enterprises
Ministry of Youth	governmental	Provide technical and logistical support to the owners of social enterprises
Ministry of Industry, Trade & Supply, Corporate Control Department	governmental	Grant the necessary licences and commercial records to social enterprises
Jordanian Cooperative Corporation	governmental	It is considered the general umbrella for cooperative work in Jordan
General Union of	Civil society	Monitor government work with regard to

Voluntary Societies		cooperative work and provide technical and legal assistance to owners of social enterprises
Social Entrepreneurship Association in Jordan	Civil society	(Under establishment) Coordinate efforts between all institutions related to social entrepreneurship in Jordan
Organisations supporting social entrepreneurship	private sector	Provide knowledge and financial assistance to owners of social enterprises and initiatives
Ministry of Higher Education	governmental	Support research and development about SEs in Jordanian universities
Department of Statistics	governmental	Commission regular survey/census/poll

8. Updating data related to the social economy and social enterprises in Jordan

The rapid increase in Jordan's population, of which young people constitute the largest part, poses many challenges and creates many opportunities. Investing strategically in local human resources may achieve a "demographic revenue" during the next few decades. Therefore, it is important to encourage social entrepreneurship and provide a supportive environment for it in a way that contributes to alleviating the impact of current and upcoming challenges in Jordan. The sector of social enterprises and initiatives in Jordan is one that continues to grow and that can play a key role in solving social problems and in exploring new opportunities in the labour market, as social enterprises may be one of the most important factors of change in local communities.

As for the sectors in which social enterprises and initiatives operate, these are various economic sectors such as handicrafts, food preparation, agriculture, information technology, environment, culture, education and tourism, compared to almost non-existent representation in the health, sports, transport, industry and trade sectors. The impact of the services of institutions and social initiatives is not measured, since most institutions and operating initiatives in Jordan do not measure the social impact of their work, owing to their lack of experience and knowledge. It may also be noted that social enterprises and initiatives in each governorate are characterised by a group of business sectors that distinguish them from other governorates. Social enterprises and initiatives

in the central region are active in the sectors of food preparation, information technology and culture, while in the northern region the focus is on agriculture and microfinance, and in the southern region on handicrafts, education and tourism.

Most social initiatives depend mainly on personal finance, and maintain their sustainability after these initiatives start generating revenues. On the other hand, social enterprises obtain different sources of financing. In addition to obtaining financing from donors, who constitute the main source of financing, there are other sources such as revenue-generating business models, and then personal financing, membership fees and borrowing.

No.	Category	Competent reference	No. of members
1	NGO	Ministry of Social Affairs	265
2	Cooperative	For-profit or non-profit company	1,494
3	Associations	Association Register	6,634
4	For-profit or non-profit company	Company Control department within the Ministry of Trade, Supply and Industry	1,487

Cooperative societies are considered to be the main component of the social economy in Jordan. The following table indicates the number of cooperative societies by type and capital:²

No.	Type	Capital	Percentage
1	Multipurpose	46,775,085	44.0%
2	Saving	13,122,809	12.3%
3	Women	12,605,804	11.8%
4	Mutual benefit	12,092,063	11.4%
5	Agricultural	10,057,391	9.5%
6	Housing	8,308,536	7.8%
7	Consumer	2,251,526	2.1%
8	Tourism	1,134,607	1.1%
9	Productivity	37,476	0.03%
10	Transport	31,155	0.03%
Total		106,416,452	100.0%

² The cooperative sector in Jordan: developmental role and requirements for its advancement, ESC, 2020.

9. Challenges faced by social enterprises and initiatives in Jordan

Following an in-depth analysis of existing conditions, the Jordanian social entrepreneurship ecosystem can be categorised as an early-stage SE ecosystem with the main characteristics and barriers listed below:

- no legal or regulatory frameworks acknowledging SEs
- lack of effective social enterprise development pipelines
- low survival rates due to lack of sufficient support
- success stories generally belonging to exceptional individuals (instead of an enabling environment)
- dependence on grants instead of market-based solutions
- limited number of support programmes specific to SEs
- lack of stage-specific support programmes specific to SEs
- no or low access to finance (impact investment, loans etc.)
- limited number of intermediaries working exclusively for SEs
- lack of coordination among related ecosystem actors
- lack of one-stop-shop knowledge hubs
- lack of an overall monitoring or data collection system
- not allocating a mandatory percentage of government purchases and bids to products of SE

10. The general environment of the social economy in Jordan

In this section, the general environment affecting the social economy in Jordan, positively or negatively, will be explained according to the following items:

At the policy level:

As in the European context, the process of institutionalising social enterprises in Jordan is closely linked to the development of public policies. Policy-makers in Jordan are working to find the appropriate public policy that adopts the concept of social economy to be included in the rules and regulations related to the sector of small and medium enterprises. The Ministry of Entrepreneurship and Digital Economy is preparing a general policy for social entrepreneurship in Jordan to represent the road map for the social economy in Jordan, which is expected to be approved With the beginning of next year 2023.

At the economic level:

The importance of the small and medium enterprises sector, which includes the establishments that make up the social economy in Jordan, is that it consists (to an extent of more than 90%) of micro, small and medium enterprises, which are characterised by the intensity of their forward and backward linkages between them and all other economic sectors, which makes them major contributors to production and employment. They contribute 70% of the total value added and more than 60% of total employment. This indicates the opportunities if adequate support is available for the social economy in Jordan.

At the technical level:

Jordan has succeeded in creating and developing a highly competitive ICT sector – a leading sector in the Middle East and North Africa region which currently serves larger regional markets in the era of technology and innovation. 33% of the jobs it provides are held by women, which constitutes a great lever if it is perfectly exploited and employed in the service of the social economy in Jordan. By empowering the community surrounding their projects and transferring knowledge to women entrepreneurs

At the social level:

The Coronavirus pandemic has proven the importance of the social role of the state and society and has made us feel the importance of the role social facilities play, especially in vital sectors such as health and education, in addition to the job opportunities they provide that contribute to improving the living standards of local communities.

At the educational level:

What education represents in terms of real human capital at its various levels is the main pillar in building society and its development through the optimal investment of human resources in a manner commensurate with its ambitions and obtaining economic and social returns, which is the basic goal of the social economy. It is one of the pillars of the future vision of the social economy in Jordan in order to achieve development goals, especially the eradication of poverty and unemployment.

At the legal level:

Jordanian legislation, regulations and laws are still completely devoid of the concept of social economy, but it is hoped that when the document “The General Policy for Social Entrepreneurship in Jordan” sees the light of day and the stages of its implementation on the ground begin, there will be more clarity about the opportunities and threats that may face the social economy in Jordan during the coming period.

11. Recommendations and actions

In this chapter, we review a set of recommendations made in the previous study (Study of social enterprises in Jordan 2018).

No.	Recommendation	Implemented	Not implemented
1	Dedicated Legal Form for Social Enterprises		×
2	Incentives for Women, Youth & Migrant Owned Social Enterprises		×
3	Cross-Cutting Social Enterprise Unit in Government		×
5	Trade Missions & Network		×
6	Social Enterprise Public Procurement Drive		×
7	Diaspora Engagement Initiative		×
8	Social Investment Tax Incentives		×
9	Social Enterprise Curriculum		×
10	SESO Forum		×
11	Matchmaking to International Best Practice		×
12	Interoperable Data Frameworks		×
13	Social Enterprise Export Programme		×
14	Expanded Remit for Entrepreneurship Support Institutions		×
15	Social Capital Joint Ventures		×
16	Social Enterprise Region		×
17	Social Enterprise Research Study	×	
18	Enhancements & Development of Financial Instruments		×
19	Beneficiary to Social Entrepreneur		×
20	Sector Incubation Labs		×
21	Regional Hubs		×
22	Peer-to-Peer Forum & Festival		×
23	Open-Source Knowledge Sharing Platform		×

24	Scale Readiness Programme		×
25	Social Enterprise Learning Journeys		×
26	Collective Infrastructure		×
27	Contract Readiness Programme		×
28	Kitemark		×
29	Social Enterprise Jordan Membership Body		×
30	Residencies in Quality Assurance & Business Development		×
31	Mentorship Programmer		×
32	National Legal Helpdesk		×
33	Briefing Papers - Social Enterprise Handbook		×

Following the completion of this study, we developed a set of recommendations and methods that could considerably aid in the improvement of the business environment for Jordan's social economy. For each of the levels listed below, the recommendations contained a set of measures and procedures:

✓ **Actions to create an enabling legal and regulatory framework**

Proposed actions:

- Amend current bylaws and establish a legal position for SEs in Jordan, as well as establishing a common definition for SEs to guide policy in general.
- Ensure that administrative procedures are easy and accessible.
- Ensure transitivity, convertibility, and equivalence between formal and non-formal entities in a timely manner.
- Formulate incentives (such as fiscal incentives) based on the SEs' and support actors' needs.

✓ **Actions to create an enabling institutional framework for SEs**

Proposed actions:

- In Jordan, a statutory authority for SEs has been established, along with registry systems for SE recognition.
- Where SEs are somehow related, ensure alignment among existing or work-in-progress strategies or plans.
- Set up consultations or participatory frameworks for SEs and inclusiveness measures for underrepresented community-based groups or organisations.
- Make the policy instruments and administrative jargon digestible/accessible for all types of actors.

✓ **Measures to promote a culture of social entrepreneurship in Jordan**

Proposed actions:

- Collect data and trustworthy information on the state of the SE sector and collect SE-disaggregated data.
- Raise overall awareness (awareness among all people, including those on the street) of the qualities of social enterprises by defining or distinguishing them.
- Provide formal SE education opportunities (e.g. curricula in high schools, business schools and master's degrees).
- Support SE-related research and development in Jordanian universities and research institutes.

✓ **Procedures to ensure SEs' access to government or private funding**

Proposed actions:

- Map the financing market for the use of SEs, documenting key players, types of intermediaries, and types of possibilities provided to guarantee that SEs' true needs and the financial alternatives supplied/delivered are not mismatched.
- Set up or support specific organisations or capacity-building and training programmes dedicated to financial development of SEs e.g. investment readiness or capacity-building for applying to private investment or larger grants.
- Support establishment of impact investing networks and integration of these networks with the global networks to ensure investment/capital flow into Jordan.
- Establish public funds to encourage the establishment of both private and public funding for SEs, or establish a government recognition or reward system for fund providers.
- Develop training programmes for finance institutions and their staff or generate guidance documents/tools for finance institutions so that they can access international funds (that provide financing to finance institutions).
- Create public grants targeted at SEs or reduce barriers to SEs applying for grants designed for other sorts of actors, such as technological start-ups, civil society organisations, and so on.

✓ **Actions to ensure SEs' access to markets**

Proposed actions:

- Assess the level of technology use of SEs for access to markets and assess the resilience of SEs in the face of Covid-19.
- Introduce public procurement modalities used by municipalities or public agencies that prioritise SEs.
- Provide access for SEs to capacity building services for answering government tenders.
- Develop training programmes for public procurement officials to inform them about procurement from SEs and social economy organisations.
- Facilitate partnership among SEs and commercial enterprises for answering government tenders and between SEs and big corporations for Buy Social campaigns or CSR-related sales or services.
- To ensure integration with global markets, awareness should be raised among ecosystem actors of international certification schemes such as the B-corp, social enterprise and fair trade marks.

✓ **Actions to enhance skills and business development support**

Proposed actions:

- Develop dedicated training initiatives for SEs and ensure that appropriate assistance is available to meet the demand.
- Create training programmes for different stages of the SE lifecycle (not only entry-level).
- Build dedicated coaching and mentoring programmes where mentors are knowledgeable about SEs.
- Support and develop dedicated hubs and incubators only for SEs across regions.
- Support the establishment of social enterprise networks in Jordan

✓ **Actions to manage, measure and report impact**

Proposed actions:

- Develop open-access impact measurement tools and guidelines in Arabic and ensure that the SEs are aware of their availability.
- Ensure that SEs are included in widely accepted impact metrics and that these metrics do not reflect the objectives of other actors or sectors.
- Align SDG-related impact measurement with accepted impact metrics.
- Support and incentivise research on impact measurement.
- Ensure that public policy development processes are designed to take measured impact into account when making and revising decisions.

✓ Other complementary actions

Proposed actions:

- Introduce issue-based policy calibration actions or issue specific policy actions (i.e. around water scarcity, women's participation in the labour force, poverty, health, waste management) to facilitate SEs' conduct in these areas.
- Add fiscal incentives to the actions aimed at establishing an enabling legal and regulatory framework.

12. Annexes

Annex 1 – Resources and references

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Annex 2 – List of supporting organisations

	Organisation	Responsible person	Phone number	E-mail
1	Ministry of Digital Economy and Entrepreneurship,	Lisa Habashneh	0777771714	Liza.habashneh@mode.gov.jo
2	Ministry of Industry and Trade \ Companies Control Department	Hashem Al-Harash	0799759213	Hashem.a@ccd.gov.jo
3	UNICEF	Areej Abu Yousef	0797557567	a.alyousef@jrf.org.jo
4	Jordan Cooperative Corporation	Nasser Abu Al-Barak Khadija Shneikat	0790972394 0790981975	
5	Jordan Corporation for the Development of Economic Projects	Dr Amin Shamout	0796745309	Amin.Shammout@jedco.gov.jo
6	The Ministry of Education	Dr Yasser Al-Omari	0797025477	yasersf76@yahoo.com
7	Ministry of Social Development	Khawla Abu Sarara	0776625509	khawla.Abusarara@naf.gov.jo
9	Social Entrepreneurship Association in Jordan	Dr Zaid Qatani	0799303979	Zaidkatani@hotmail.com

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