

# DGAP REPORT

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Edited Volume

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## **Jordan's Socio-Economic Woes and Foreign Policy** Employment, Trade, and International Cooperation – Policy Briefs from the Region and Europe

Edited by Dina Fakoussa and Laura Lale Kabis-Kechrid

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The following papers were written by participants of the workshop “Promotion of Think Tank Work on Socio-Economic Reforms and Jordan’s Foreign Policy” organized by the German Council on Foreign Relations’ Middle East and North Africa Program in the spring and summer of 2019 in cooperation with the West Asia-North Africa (WANA) Institute and the Konrad-Adenauer-Stiftung in Amman. The workshop is part of the program’s project on the promotion of think tank work in the Middle East and North Africa, which aims to strengthen the scientific and technical capacities of civil society actors in the region and the EU who are engaged in research and policy analysis and advice. It is realized with the support of the German Federal Foreign Office and the Institute for Foreign Cultural Relations (ifa e.V).

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## INTRODUCTION

Laura Lale Kabis-Kechrid

Grievances have been growing over Jordan's socio-economic and political problems, including high public debt, a significant current account deficit, and high unemployment. In June 2018, former Prime Minister Hani al-Mulki was forced to resign after mass protests swept the country in response to a new income tax law proposal. Jordan's socio-economic challenges are further augmented by its challenging neighborhood. This includes the conflicts in neighboring Syria and Iraq, the threat posed by extremist actors in the region as well as the impact which the Gulf Cooperation Council's crisis over the blockade of Qatar has had on Jordan. As a result of these developments, Jordan has been facing a significant influx of refugees on the one hand, and a more difficult environment to conduct trade and attract foreign direct investment (FDI) on the other. In addition, the US' announcement of the so-called "Deal of the Century" for the Israel/Palestine conflict has heightened concerns in Amman that a two-state solution to the conflict may no longer be a viable option. This would have serious consequences for Jordan, which currently hosts more than two million registered Palestinian refugees. Given the strategic importance of Jordan, it is in the European Union's own interest to support Jordan and ensure that the growing socio-economic challenges, as well as the various regional challenges, do not lead to a (further) destabilization of the country.

This edited volume brings together papers written by the participants of the workshop series "Promotion of Think Tank Work on Socio-Economic Reforms and Jordan's Foreign Policy", held in Berlin in April and in Amman in June 2019. The workshops were conducted as part of DGAP's project on strengthening think tanks and similar institutions in the Middle East and North Africa (MENA) region and in Europe.

The authors analyze key challenges to Jordan's socio-economic development and assess potentials for improved cooperation with the EU, while a smaller faction discusses the implications of regional developments. The volume offers recommendations for the Jordanian government as well as the EU and its member states.

Among the recommendations are the following: High energy costs are a key factor hindering Jordan's economic growth and the competitiveness of

its companies on the international market. The Jordanian government should, therefore, further support the development of renewable energy sources and prioritize decentralized, small-scale renewable energy systems to achieve energy security and reduce energy costs. In addition, targeted policies to improve employment are considered crucial to foster socio-economic development. These include more inclusive flexible work schemes, state-sponsored employment programs and greater stimulation of Jordan's entrepreneurial potential through simplified business registration procedures, easier access to financing for micro, small and medium enterprises (MSMEs), and incentives for MSMEs to grow and formalize their businesses.

The EU should support Jordan's economic development through different means, e.g. by supporting vocational training programs and private sector employment as well as by enhancing the bankability of small and medium enterprises (SMEs) and start-ups. In addition, Brussels and Amman should encourage more Jordanian producers to make use of the EU-Jordan Free Trade Agreement as this would benefit the country's economy. At the same time, the EU should set incentives and use development programs as leverage to achieve better cooperation by those political forces in Jordan which currently undermine socio-economic reform efforts. To do so more effectively, the EU should improve its understanding of political processes in Jordan by combining political economy analysis (PEA) with elite research. As Jordan's socio-economic situation is also strained by the presence of a very large number of refugees, the EU and its member states should facilitate the resettlement of refugees by granting humanitarian visas.

The support of the EU and the international community is even more pressing in light of the US administration's announcement that it will defund the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA). As UNRWA has been essential in alleviating the impact of hosting a vast number of Palestinian refugees in Jordan, Amman should work with the international community to secure funding for UNRWA to counter-balance the US' funding cut. Since a two-state solution to the Israel/Palestine conflict appears increasingly unlikely, Jordan should develop a plan to respond to the circumstances. As part of this, it should increase cooperation with other Arab states, seek the blessing of the Arab League and the Islamic Conference Organization to recognize the Palestinian passport as a

travel document for all refugees, and reduce bilateral relations with Israel.

### The Contributions in Summary

#### Chapter I: Socio-Economic Challenges and Reforms in Jordan

##### POLITICAL ECONOMY

*“The Blind Spot of International Donors – How the Jordanian Political Elite Undermines Socio-Economic Reform”*: Tomisha Bino draws attention to the highly personalized, informal and nontransparent nature of Jordan’s political system and the undermining effect which political corruption has on the country’s socio-economic reform efforts. She argues that by combining political economy analysis (PEA) with elite research, international donors could identify more targeted incentives and leverages to improve the cooperation of currently obstructive political institutions in Jordan when designing and implementing development programs.

##### ENERGY

*“Energy Policy in Jordan – Achieving Security and Economic Development through Domestic Renewable Energy”*: Nadim Abillama acknowledges that Jordan has taken steps to support the development of renewable energy sources in its quest to achieve energy security. He argues, however, that the country needs to address ongoing challenges at the institutional, economic and financial level if it wants to achieve its goal of a twenty-percent share of renewable energy by 2025. For this reason, he calls for public and private sector investments in research and development, as well as government guarantees that demand will be sustained in the long-run. In addition, domestic companies should upgrade their production lines.

*“Improving Competitiveness and Trade Balance through Decentralized Renewable Energy – The Case of Jordan”*: Jessica Obeid focuses on Jordan’s energy policies and the negative impact which high energy costs have on economic growth and trade. Assessing the Jordanian government’s response to the issue, she argues that decentralized small-scale renewable energy systems should be promoted to immediately decrease energy costs. To this end, investment should be geared toward decentralized solutions, and the different energy systems should be integrated into a modernized grid.

##### EMPLOYMENT

*“From Survival Strategy to Innovation – Creating an Enabling Business Environment for Micro, Small and Medium Enterprises in Jordan”*: Sophie Schmid assesses current barriers to the creation and growth of MSMEs in Jordan. She argues that improving the current conditions could not only set incentives to formalize businesses but also be a catalyst for economic growth and innovation in Jordan. Therefore, business registration processes and fee structures should be simplified, the tax system should be adjusted, and targeted micro-lending regulations should be adopted that can facilitate access to financing.

*“The ‘Employer of Last Resort’ – A Route to Women’s Empowerment in Rural Jordan”*: Salam Abukhadrah addresses the low rates of female participation in the Jordanian labor market. She advocates the introduction of a state-sponsored “Employer of Last Resort” (ELR) program, which aims to ensure employment for involuntarily unemployed women, especially in rural areas.

*“Promoting Flexible Work Regulation in Jordan to Achieve Comprehensive Youth Economic Empowerment”*: Bara’ah Bathaina critically assesses the Flexible Labor Regulation, which was introduced in Jordan in 2017. She argues that while the government has taken an important step to foster employment, especially among youths, by introducing flexible work schemes, adjustments need to be made in order to maximize the full potential of the regulation. This includes broadening the scope of workers and companies that are eligible, increasing efforts to promote the flexible work model, and conducting studies on its implementation and effectiveness.

##### YOUTH INCLUSION

*“Revisiting Pillar 4 – A Young and Equal City of the Amman Resilience Strategy through the Lens of Participatory and Inclusive Approaches”*: Rana Aytug analyses the plan put forward by the Greater Municipality of Amman (GAM) to foster urban resilience. Focusing on the fourth pillar of the strategy, she argues that GAM should reduce barriers to youth involvement, support the establishment of a youth council, and use public spaces across Amman for formal and informal initiatives to effectively implement a truly bottom-up, participatory and inclusive approach.



*“Youth Services Sustainability in Zaatari Refugee Camp”*: Bothaina Qamar emphasizes the importance of providing youth services for refugees. She warns that recent budget cuts and the subsequent closure of many youth programs in Zaatari Camp could have a negative impact at the communal as well as national level. Building on the best practices of the previous nine years, she advocates strengthening national grassroots initiatives for youth services in the camp, adopting funding streams and partnership models which pool funding and capacities and engage the private sector, and promoting Jordanian and Syrian youth leadership capacities through the formation of cooperatives between Syrian refugees and Jordanians.

## Chapter II: International Cooperation

### THE EU AND ITS MEMBER STATES

*“Avoiding the Nightmare of Jordan’s Destabilization – A Holistic Approach for EU Institutions and Member States to Support a Key Ally in the Middle East”*: Emphasizing the importance of Jordan as a key ally of the EU and its member states in the Middle East, Eugenio Dacrema outlines three courses of action the EU can take to help the country avoid (further) destabilization. In the short term, European leaders should support the Jordanian government in its opposition to the so-called “Deal of the Century” proposed by the Trump administration to address the Israel-Palestine conflict. They should include Jordan in their own initiatives and develop common policies on the issue. In the medium to long term, the EU should further Jordan’s economic development by enhancing its support for vocational training programs and private sector employment and by increasing its efforts to improve the bankability of small and medium enterprises (SMEs) as well as start-ups.

*“Realizing the Opportunity of the Recently Improved EU-Jordan Association Agreement – How More Jordanian and Non-Jordanian Producers Can Take Part”*: Mohammed Al-Husari argues that the EU-Jordan Free Trade Agreement, which was signed in 2016 and adjusted in 2017 and 2018, offers great potential for Jordan’s economic development, yet more Jordanian producers should be effectively encouraged to export to the EU. Required for this are policies that draw in foreign direct investment (FDI) from exporters to the EU from other countries who are currently not exempt from tariffs; improve the energy costs of Jordanian producers; and improve research and development cooperation between science labs and

research institutions in Jordan. In addition, possible exporters to the EU should be supported with preferential credit and financing opportunities.

*“The International Community’s Responsibility to Protect in Action – The Double-Speed Dynamics of Granting Humanitarian Visas for Exiled Populations in Jordan”*: In light of the social, economic, and political challenges which Jordan is facing as a host country to a very large number of refugees, Hela Manadile calls on European countries to offer humanitarian visas for refugees in Jordan. She argues that this would allow European countries to assess the legitimacy of asylum requests before people arrive in Europe. It would also reduce the number of people who seek to reach the continent via illegal routes, curtail human smuggling and trafficking, and, as a result, decrease the number of refugees who lose their lives in the Mediterranean.

### ISRAEL/PALESTINE

*“Jordan’s Options in the Wake of the Failure of the Two-State Solution”*: In light of Israeli domestic political developments as well as the Trump administration’s approach to the Israel-Palestine conflict, Hassan Barari urges the Jordanian leadership to acknowledge that a two-state solution may no longer be a viable option. As a result, Jordan should reduce its bilateral relations with Israel and strengthen its alliance with other Arab countries. This course of action should include seeking the support of the Arab League as well as the international community to secure continuing funding for UNRWA. In addition, the government should communicate clearly that it would not play an active role in the West Bank and insist on the right of Palestinians to return.

*“Palestinian Voices and Agency in the Time of the ‘Deal of the Century’ – Building Stronger Narratives and Networks”*: Tamara Taher critically asserts that Palestinian voices are frequently sidelined in international and regional political discussions on the resolution of the Israel-Palestine conflict. In response, she advocates greater transnational cooperation between actors and civil society organizations (CSOs) which promote Palestinian narratives, e.g. on collective memory and human rights. This cooperation could, for instance, focus on cultural and educational projects to increase their visibility.

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# **Chapter I: Socio- Economic Challenges and Reforms in Jordan**

## POLITICAL ECONOMY

### THE BLIND SPOT OF INTERNATIONAL DONORS – HOW THE JORDANIAN POLITICAL ELITE UNDERMINES SOCIO-ECONOMIC REFORM

Tomisha Bino

*Political corruption in Jordan is undermining development efforts and socio-economic reforms. Despite official recognition of the importance of socio-economic reforms to ensure political stability and counter the adverse effects of political corruption, little has been done to seriously tackle it. International donors understand the necessity of “thinking politically” for the successful implementation of development programs. This is why it has become standard practice to include political economy analysis (PEA) as an additional tool for country assessments and program design. However, given its current application as a one-off form of consultancy often produced under time pressure, PEA has come under criticism in recent years for not delivering on its promise of helping donors to design and implement more effective development programs. Augmenting PEA with more durable approaches that take a longer view on the context, such as elite research, can provide deeper insights into the political processes of a country. This is especially true for recipient countries with highly personalized political systems, such as Jordan, where power structures are informal and non-transparent. Equipped with this knowledge, donors can create better incentives and identify leveraging opportunities to ensure the cooperation of obstructive political institutions. Such an approach is particularly suitable for Jordan as donors have more leverage over processes due to the country’s aid dependency. Jordan is also a relatively less repressive state compared to many of its neighbors, and there is some room to renegotiate old structures.*

Despite the technically sound design of many development programs, international donors have seen varying degrees of success in their implementation. In recent years, most donors and aid agencies have understood that successful implementation of development programs cannot be guaranteed by the quality of the technical aspects alone, but that underlying political processes and the interests of politically-relevant elites (PRE) are the central determinants of whether they succeed or are blocked. Jordan is one of the countries where development programs have had difficulty achieving desired outcomes due to the problems of corruption and elite capture.

King Abdullah II of Jordan has made economic reform a key priority since ascending to the throne, but despite the “more consolidated reform effort under [his] new regime,”<sup>1</sup> the promised reform has not materialized. As the economist Sufyan Alissa has pointed out, “there is little doubt that Jordan has been engaging in broad – though selective, slow, and uncoordinated – economic reform,” but that reforms “avoided addressing controversial issues such as the inefficiency of the bureaucracy and the size of the public administration.”<sup>2</sup>

It has abundantly been made clear by Alissa and other experts that political, economic, and tribal elites have been the main obstacle to the realization of sorely needed socio-economic reforms.<sup>3</sup> Reforms are suppressed or incompletely implemented due to resistance from members of the PRE, who stand to be negatively affected by them.<sup>4</sup> This can be seen, for example, in the underwhelming results of Jordan’s donor-supported decentralization efforts, where existing elite networks were widened and replicated on the local level, instead of creating more autonomous structures.

Although the existence of widespread PRE political corruption, clientelism, and rent-seeking behavior is well-documented and the devastating effects this has on social and economic reform are undisputed, anti-corruption measures have been lukewarm. Despite the creation of the Jordanian anti-corruption commission (ACC) and the drafting of a new anti-corruption law in 2006, the ACC has “had no real teeth

1 Sufyan Alissa, “Rethinking Economic Reform in Jordan: Confronting Socioeconomic Realities,” Carnegie Papers No. 4, July 2007 <<https://carnegie-mec.org/2007/07/31/rethinking-economic-reform-in-jordan-confronting-socioeconomic-realities-pub-19465>> (accessed July 5, 2019).

2 Ibid.

3 Ibid.; Marwan Muasher, “A Decade of Struggling Reform Efforts in Jordan: The Resilience of the Rentier System,” Carnegie Papers, May 2011 <[https://carnegieendowment.org/files/jordan\\_reform.pdf](https://carnegieendowment.org/files/jordan_reform.pdf)> (accessed July 5, 2019); and O. Schlumberger and A. Bank, “Jordan: Between Regime Survival and Economic Reform,” in Volker Perthes (ed.), Arab Elites: Negotiating the Politics of Change (Boulder, CO: 2004), pp. 35-60.

4 Alissa, “Rethinking Economic Reform.”

and has been largely ineffective over the years.<sup>5</sup> To make matters worse, one of the most high-profile cases handled by the ACC – the trial and conviction of ex-intelligence chief Mohammad Dahabi – is rumored to have been motivated by political score-settling, casting further doubt over the intentions and sincerity of the state's efforts in tackling corruption.

## *Policy-relevant elites pose an obstacle to socio-economic reforms*

One of the reasons that makes tackling PRE corrupt practices so problematic is that Jordan's PRE are and have been the most important pillar of the kingdom's stability over the years. The PRE in Jordan are defined here as "a ruling coalition of security and foreign policy professionals that include the monarchy, the political elite, and the military"<sup>6</sup> as well as business elites. Furthermore, in some cases, donors and aid agencies might be reluctant to shine too strong a spotlight on the issue of elite capture and corrupt practices of the PRE in fear of upsetting ongoing partnerships, where a member of the PRE might have helped facilitate a program or "opened doors." Such behavior is unsustainable and only hurts development programs as it allows the PRE to pick and choose the programs that suit their interests best.

The failure to deliver on promises of socio-economic reforms has resulted in a domestic threat to the political stability of Jordan. In her opening speech at the recent Jordan investment conference in London,<sup>7</sup> the then-International Development Secretary Penny Mordaunt, proclaimed: "We all agree; Jordan's prosperity is critical to the international community."<sup>8</sup> If the continued stability of Jordan is the desired outcome of Jordanian and international policymakers,

then their policy aims must be to help Jordan to build a prosperous and equitable society.

In terms of prosperity, most Jordanians have seen their living standards decline steadily since 1989, when the value of the Jordanian Dinar started to fall sharply in the aftermath of the disengagement from the West Bank and the ensuing economic troubles. Unemployment – especially among youth – is high due to the weakening of the social contract, whereby the public sector was expected to provide employment. Unlike its wealthy neighbors, Jordan cannot afford a bloated public sector that can sustain its populace and secure state legitimacy. Yet despite official recognition of this, "state overreach has crowded out the growth of a viable and independent private sector, hindering opportunities for job creation."<sup>9</sup> Just as the PRE is crucial for stability, Jordan's social contract is a crucial element to PRE survival, as it is the vehicle by which members of the PRE distribute rents among their support bases, which in turn secure their loyalty to the monarchy. This is coupled with a weak private sector and limited foreign investment, two avenues that could potentially create jobs. Here, the hand of the PRE is also visible as it has a vested interest in keeping the private sector weak, so as to retain central control over revenue production and impede the growth of alternative and independent power bases.

The Jordanian state has also been unable to create an equitable society. Public debt has continued to grow despite the harsh and unpopular austerity measures put forth to address it. Between 2009 and 2018, Jordan's public debt to GDP ratio jumped from 64.78 percent to 94.23 percent.<sup>10</sup> Austerity measures are never popular, but the reason they have been such a bitter pill to swallow is that most Jordanians view the rising public debt as a result of corruption and mismanagement of public funds by the PRE, who are perceived to have enriched themselves at the cost of the average Jordanian. Generally, when speaking of corruption, the focus has been on what a person has "taken" and not so much at what has been "denied." Corrupt members of the PRE in Jordan have not only been accused of embezzling public funds and bribery, they have also opposed socio-economic reforms and

5 Muasher, "A Decade of Struggling Reform Efforts."

6 L. Tal, *Politics, the Military, and National Security in Jordan, 1955-1967* (New York, 2002), p. xiii.

7 Officially known as "Jordan: Growth and Opportunity, the London Initiative."

8 Penny Mordaunt, "Speech: Jordan: Growth and Opportunity, the London Initiative," UK Department for International Development, February 28, 2019 <<https://www.gov.uk/government/speeches/jordan-growth-opportunity-the-london-initiative-28-february-2019>> (accessed July 5, 2019).

9 C. Blieler, "Jordan's Urgent Need to Reform," *The National Interest*, July 9, 2015 <<https://nationalinterest.org/feature/jordans-urgent-need-reform-13289>> (accessed July 5, 2019).

10 "Jordan Government Debt to GDP," *Trading Economics* <<https://tradingeconomics.com/jordan/government-debt-to-gdp>> (accessed July 5, 2019).

blocked new entrants to the business sector in order to protect their political power and privileged access to economic opportunity.

Today, as Jordan finds itself at a critical juncture, there is a crucial need for more serious anti-corruption initiatives addressing some of the PRE's most detrimental practices, which have resulted in the gradual and severe erosion of trust between the state and the Jordanian people. As many of Jordan's traditional international and regional partners appear to be attempting to leverage aid and security arrangements in return for foreign policy alignment, the PRE will require strong public support and trust if it can stand firm in the face of mounting pressure.

#### **Making the Most of Political Economy Analysis (PEA)**

In response to the recognition of taking the political context into consideration when designing development programs, international donors and aid agencies have developed PEA tools to help inform the design of development programs. However, PEA tools have only had limited success in achieving a change in the approach to development projects on an organizational level. Instead of encouraging development staff to “think politically” about the context of their programs, PEA has increasingly become an add-on or an off-the-shelf consultancy product. In most cases, PEA are created under time pressure and often have limited scope and depth. They provide a snapshot of the political context at the time, while what is needed is an understanding of the development and processes that produced the context. PEA has also been criticized for being too “economic” and less “political.” For Jordan, such an approach will surely miss the bigger picture, as the core elites' power and interests in terms of national security, political power, and the economy are entangled.

In the specific case of Jordan, where politics is highly personalized and there is an overlap of interests across different sectors, a PEA would have to pay special attention to the complex and deeply rooted PRE networks in order to understand the political processes at play. However, due to the current one-off nature of PEA, producing deep and durable insights is a challenge. Such insights can only be gained through elite research methods that not only examine the current makeup of PRE, but track their evolution over time and identify internal dynamics of the PRE, such as recruitment and interest factions, as well as their survival strategies. In the case of

Jordan, elite research can also provide insights into political changes and foreshadow political developments given that the incumbent PRE are regularly reshuffled. Understanding a certain PRE member's background, connections, and interests can reveal much about why they have been rotated in or out of a certain posting and the effects that might have on specific development programs.

## *Failing to deliver socio-economic reforms threatens Jordan's stability*

#### **Recommendations**

*- Augment PEA with insights from elite research*

Despite its shortcomings, PEA still provides a firm base for assessing the political context in a country. However, in the case of Jordan, it must be supplemented with PRE-focused research. Elite research is an established field in the social sciences that is a valuable resource for development programs. Through cooperation with elite research experts and academics with regional or country-specific expertise, donors and aid agencies can better understand not only the context, but also the individuals who will shape and supervise their programs.

*- Use elite research to identify reform-minded PRE*

Elite research can also help donors and aid agencies identify reform-minded members of the PRE who could subsequently serve as reliable local partners for the implementation of development programs. This can work particularly well in the case of Jordan where the PRE is not completely static. Incumbent PRE are regularly rotated and new members have been recruited on several occasions. By identifying cooperative and reform-minded newly appointed or incoming PRE, donors and aid agencies can better decide which programs are more likely to succeed. However, this approach can only be seen as an interim solution while parallel anti-corruption initiatives take root, as it runs the risk of creating new rent-seeking structures. For this reason, elite

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research must be conducted in an ongoing and iterative manner.

*- Link development programs identified as particularly susceptible to subversion by the PRE to other bilateral programs to create incentives and leverage*

Development programs do not exist in a vacuum and are usually one element of a broader set of cooperation initiatives by the donor countries, such as defense partnerships or trade agreements, which are the result of a defined strategy. By adopting a whole-of-government approach to development, donor countries can create incentives to ensure PRE cooperation or use the approach to create leverage over them. For example, Germany's aid agency, GIZ, runs several programs in Jordan targeting a variety of sectors, from governance to water management. Germany also delivers military aid to Jordan as part of its *Ertüchtigungsinitiativen* or "strengthening initiatives," which are meant to help Jordan defend itself and safeguard its stability. This is one tool in the larger toolbox of stabilization approaches. In this example, Germany could leverage the delivery of further military aid to ensure better conditions for the implementation of development aid programs. Such an approach would also be well-suited for a whole-of-government approach because the German Federal Ministry of Defense and the Federal Foreign Office already have a comparable arrangement through their *Vernetzter Ansatz* or "networked approach" to stabilization efforts.

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## ENERGY

### ENERGY POLICY IN JORDAN – ACHIEVING SECURITY AND ECONOMIC DEVELOPMENT THROUGH DOMESTIC RENEWABLE ENERGY

Nadim Abillama

*Continuous efforts by the Jordanian government to achieve energy security by reducing its dependence on hydrocarbon imports for electricity production have led it to support the development of renewable energy sources. These include hydropower and shale oil as well as solar and wind energy. Although the government has adapted its legislation and regulatory frameworks to better facilitate domestic and foreign investments, challenges remain in terms of national grid capacity and a lack of incentives for the local production of solar and wind plant components that would support domestic employment. International organizations and financial institutions have provided financial support and offset risks associated with the development of a new sector in a region as unstable as the Middle East, but private investors (banks, investment funds, and others) have not been sufficiently supportive. To address these issues, renewable energy stakeholders should be better integrated through the establishment of a one-stop-shop, investment in research and development activities should be improved, and grid enhancement should be pushed. In addition, the Jordanian government should communicate the project pipeline clearly to provide domestic companies with guarantees for investing in upgrades of their production lines.*

Energy policy remains a central issue in global policy-making, impacting both social and political systems. As well as guaranteeing access to electricity for citizens and businesses, energy policy defines a country's environmental and industrial policy and, more broadly, its economic policy. In parallel, a significant number of countries are currently engaged in energy transitions, progressively shifting from conventional energy sources (coal, oil, natural gas,

etc.) towards sources generating lower amounts of CO<sub>2</sub> in order to mitigate the adverse impact of climate change.

The Middle East region features significant disparities in terms of natural resource distribution. While some Gulf states (Kuwait, Qatar, or Saudi Arabia) have benefited from the wealth generated by their incredible natural resources that offer long-term energy security, others such as Jordan have had to continuously adapt in order to secure sufficient supply for their domestic energy production. Moreover, the Kingdom's geography makes it particularly vulnerable to climate change, more specifically water scarcity, droughts, and desertification.

As a result, Jordan imports around 96 percent of its energy for electricity production, which is currently dominated by fossil fuels, crude oil, and natural gas. The main suppliers are the wealthy Gulf states on whom Jordan has become increasingly dependent, which further impacts the Kingdom's regional policy. While the OECD average domestic expenditure on imports for electricity generation is 4–5 percent, Jordan currently spends 8.5 percent of its GDP on energy imports,<sup>1</sup> causing pressure on the public budget.

Attempts to phase out energy subsidies in Jordan were made as early as the 1990s. However, the government was only able to implement a progressive, three-year phasing out of energy subsidies in 2015. In order to address the high inflation rates that followed the cuts in energy subsidy spending, the government introduced a variety of mitigating measures aimed at lower-income citizens, including public sector salary increases, food subsidies, and tax rebates. The program was a success in limiting direct and indirect inflation caused by the increase in fuel prices. Supply disruptions following the Arab Spring led to a sudden increase in import prices for natural gas, which rendered the earlier socio-economic mitigation measures insufficient. Moreover, electricity demand has been increasing annually by over 7 percent since 2007<sup>2</sup> with an extra 300 MW capacity needed every year.<sup>3</sup>

1 Author's discussion with experts from EDAMA and the Royal Scientific Society.

2 "Renewables in the Arab world: maintaining momentum," APICORP Energy Research, May 2018 <[http://www.apicorp-arabia.com/Research/EnergyResearch/2018/APICORP\\_Energy\\_Research\\_h\\_V03\\_N08\\_2018.pdf](http://www.apicorp-arabia.com/Research/EnergyResearch/2018/APICORP_Energy_Research_h_V03_N08_2018.pdf)> (accessed July 16, 2019).

3 "Background Paper: Country Fact Sheet, Jordan. Energy and Development at a Glance," MENA SELECT, 2017 <[https://menaselect.info/uploads/countries/jordan/Country\\_Fact\\_Sheet\\_Jordan.pdf](https://menaselect.info/uploads/countries/jordan/Country_Fact_Sheet_Jordan.pdf)> (accessed July 16, 2019).

### Policy and the Legal Framework Governing the Jordanian Renewable Energy Sector

The need to seek alternative energy sources was clearly articulated in 2007 with the launch of the Jordan National Energy Strategy Plan.<sup>4</sup> Its objective is to reduce the country's dependence on fossil fuels from its neighbors by developing alternative energy sources, including nuclear, shale oil, and renewables. The plan initially aimed at achieving a share of 7 percent of electricity generated from renewable energy sources by 2015, and 10 percent by 2020. The share is currently 11 percent and a new target of 20 percent has been set for 2025.<sup>5</sup>

## *The limited grid capacity is a serious constraint*

The government has expended significant efforts in establishing a legal framework to enable an increased share of renewable energy in national electricity production. The Renewable Energy and Energy Efficiency Law (REEEL) was adopted in 2012,<sup>6</sup> creating a favorable environment to attract international investment in the Jordanian renewable energy sector.<sup>7</sup> For example, a direct proposal scheme was developed allowing investors to address the Ministry of Energy and Mineral Resources (MEMR) without going through a competitive bidding process as long as the tariffs offered were equal to or below the indicative prices set by the Ministry. This is a type of feed-in that has enabled Jordan to obtain highly competitive prices. Moreover, the law also established the Jordan Renewable Energy and Energy Efficiency Fund (JREEEF) to channel public and private investment into the renewable energy sector.

### Challenges Preventing the Faster Development of Renewable Energy Sources

Despite its efforts to enable investment in renewable energy projects, Jordan still faces significant impediments to achieve its goal of using 20 percent renewable energy by 2025. The main obstacles are as follows:

#### **Insufficient Integration of the Main Stakeholders to Implement the National Energy Strategy Plan**

The main actors – MEMR, JREEEF, and the Energy and Minerals Regulatory Commission (EMRC) – are not integrated sufficiently with non-governmental actors, including chambers of commerce, business associations, academic institutions for research and development, and the banking sector. The JREEEF has not been given the autonomy it requires to channel investments from international finance institutions (IFIs) or private investors into renewable energy projects. Nor does the JREEEF currently have the capacity to act as a fund to integrate all the investments the country receives in order to achieve the objectives of the National Energy Strategy regarding renewable energy sector development.

#### **Lack of a Clear Strategy to Develop Local Manufacturing of Wind and Solar Technology Components**

Jordan has existing producers of solar photovoltaic (PV) cables and connection boxes as well as civil works, infrastructure, and material companies. Moreover, there is a widespread availability of raw materials such as glass to produce PV modules.

In wind technology, Jordan has similar strengths that have benefited domestic cable production as well as steel companies which provide raw materials. However, the manufacturing of core components such as rotor blades is not currently possible and would require significant investment to be produced domestically. Besides, the government has imposed a 20 percent local content requirement for all wind projects. However, this rate includes Energy, Procurement, and Construction (EPC) and operations

4 Jordan Renewable Energy and Energy Efficiency Database, National Energy Research Center (NERC), Royal Scientific Society.

5 "Jordan to produce 20 per cent of energy from renewables by 2025," Power Technology, June 4, 2019, <<https://www.power-technology.com/comment/jordan-renewable-energy-2019/>> (accessed July 9, 2019).

6 "Background Paper," MENA SELECT.

7 "Implementation Completion and Results Report on a Grant from the Global Environment Facility Trust Fund in the Amount of US\$6.00 Million to the Hashemite Kingdom of Jordan for a Promotion of a Wind Power Market Project," World Bank, March 29, 2016 <<http://documents.worldbank.org/curated/en/152051485960685155/pdf/ICR3759-P093201-Box394878B-PUBLIC-disclosed-4-7-16.pdf>> (accessed July 16, 2019)



and maintenance costs,<sup>8</sup> which limits the incentives for Jordanian companies to enter this market.<sup>9</sup>

Another serious constraint is the limited grid capacity. The government has announced the development of the Green Corridor project to upgrade the national grid, whose limited capacity hinders the development of grid-connected plants, limiting potential contributions from the private sector through wheeling (the transfer of electrical energy from a privately-owned plant into the grid for a value deducted from the owners' electricity bill). The project is facing serious investment challenges because Jordan's National Electric Power Company (NEPCO), which owns the grid, is not able to finance grid enhancement. Through the use and development of renewables, buyers are exiting the national grid and thus reducing NEPCO's income. This further limits the investment capacity of NEPCO, which is already indebted. This situation also creates obstacles to the development of alternatives to the single-buyer model which governs the Jordanian electricity market. Electricity producers sell to NEPCO according to a Power Purchase Agreement (PPA) price. However, recent renewable energy projects are becoming increasingly bankable and are able to provide extremely low electricity prices which NEPCO would have to purchase, limiting its income even further.

In parallel, the issue of cross-subsidies remains a significant obstacle to the ability of Jordanian industrial companies to achieve higher competitiveness levels through lower electricity prices. The current model aims to use tax income generated by large buyers of electricity to redistribute among households, in an attempt to avoid constraining the national budget by mitigating the amount that individuals have to pay for electricity.

### **The Financial Sector is not Acting Sufficiently to Promote Investment in Renewable Energy Projects**

The intense involvement of international financial institutions and development banks (World Bank, the EBRD, etc.) has contributed to the promotion of large-scale projects by covering risks associated with the development of the renewable energy sector, despite uncertainties.<sup>10</sup> These actors have been key

to the initial development of the renewable energy sector as commercial banks were reluctant to invest in a market that offered financial risks: regional instability, a new market, uncertain financial sustainability of projects, and so on. Moreover, these institutions regularly offered capacity building, including the development of a legal and regulatory framework governing the sector.

## *Commercial banks' involvement is still limited*

However, commercial banks still have limited involvement in supporting renewable energy projects. This has to do with limited knowledge of the sector, but also a lack of incentives and guarantees provided by the government to secure investments. Commercial banks should become more active, provided that long-term visibility is offered by government agencies in terms of risks and growth potential. The Central Bank of Jordan has put in place a JD 4 million financial facility to be lent through commercial banks.

Another financial constraint on the development of the sector is related to electricity subsidies. These currently target lower-income consumers and are mainly paid at the expense of large consumers such as industrial companies whose competitiveness suffers from high electricity prices, directly impacting on their revenues, exports, and capacity to hire Jordanians. The development of wheeling would significantly increase NEPCO's deficit in the short term.

### **Recommendations**

As a result, for both solar PV and wind technologies, the government should, together with the private sector, maximize the local content potential associated with renewable energy projects. This includes investments in research and development in priority areas. In parallel, the government should offer clear

8 "Evaluating Renewable Energy Manufacturing Potential in the Arab Region: Jordan, Lebanon, United Arab Emirates," International Renewable Energy Agency, 2018 <[https://irena.org/-/media/Files/IRENA/Agency/Publication/2018/Oct/IRENA-ESCWA\\_Manufacturing\\_potential\\_2018.pdf](https://irena.org/-/media/Files/IRENA/Agency/Publication/2018/Oct/IRENA-ESCWA_Manufacturing_potential_2018.pdf)> (accessed July 16, 2019).

9 "Promoting Renewable Energy Investments for Climate Change Mitigation and Sustainable Development," Economic and Social Commission for Western Asia in collaboration with Economic Commission for Europe, 2018 <[https://www.unece.org/fileadmin/DAM/energy/se/pdfs/reg\\_adv/proj/Promoting\\_RE\\_Project.Document.pdf](https://www.unece.org/fileadmin/DAM/energy/se/pdfs/reg_adv/proj/Promoting_RE_Project.Document.pdf)> (accessed July 16, 2019).

10 "The critical role of multilateral institutions in MENA's renewable sector," APICORP Energy Research, July 2018 <[http://www.apicorp-arabia.com/Research/EnergyResearch/2018/APICORP\\_Energy\\_Research\\_h\\_V03\\_N10\\_2018.pdf](http://www.apicorp-arabia.com/Research/EnergyResearch/2018/APICORP_Energy_Research_h_V03_N10_2018.pdf)> (accessed July 16, 2019).

guarantees that demand will be sustained in the long term through enhanced transparency efforts related to the project pipeline. Domestic companies should invest in the upgrade of their production lines and respond to strong market demand.

- *At the institutional level: better integrate renewable energy stakeholders to develop the renewable energy sector through the establishment of a one-stop-shop*

This should be coordinated by central government and all the involved ministries, departments, agencies, and non-governmental organizations (including chambers of commerce, industry associations, NGOs, and free zones) to ensure that all stakeholders are aligned on priorities and actions.

Moreover, the renewable energy strategy should be clear not only concerning production targets, but also have an integrated approach to the sector. This includes supporting domestic companies by providing legal and business advice, access to finance, channeling international and domestic investment, and making information available to domestic stakeholders (mainly chambers of commerce and private companies).

- *Communicate the project pipeline clearly to provide domestic companies with guarantees for investing in upgrades of their production lines*

Domestic companies interested in investing and contributing to the development of the renewable energy sector in Jordan should be given long-term visibility, enabling them to invest and hire qualified personnel. Joint ventures should be established with international companies already present in Jordan, whose experience would benefit domestic companies through technology transfers. It would also provide incentives for local companies to diversify their activities outside energy, procurement, and construction, and operations and maintenance.

- *Invest in research and development activities to build manufacturing capabilities for higher value-added components for solar PV and wind generation*

This requires deeper coordination and cooperation with academic institutions. The development of solar cells or wind turbines, which are the highest value-added parts, remains expensive in terms of research and development in a market the size of

Jordan, as well as with the presence of competitive international competitors who currently build these parts. However, the knowledge acquired by Jordanian companies in recent years provide them with the capacity to adapt and redesign imported parts for both domestic and regional markets. This would lead to lower amounts of investment in terms of research and development for a promising return in the short- and medium-term.

- *Improve grid enhancement to support the sector's growth*

The development of the Green Corridor project to increase grid capacity would unlock Jordan's capacity to build new solar and wind energy farms.

- *Better package financial instruments to further develop the renewable energy sector so as to benefit domestic companies*

There is insufficient financial education about the available financial instruments and limited capabilities to adapt hybrid finance to renewable energy projects. The Central Bank and the MEMR can coordinate a national campaign to raise awareness of the available instruments for domestic companies and investors. Furthermore, incentives should be maintained for international financial institutions and development banks to continue benefiting from attractive interest rates, despite regional instability and economic uncertainty.

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## IMPROVING COMPETITIVENESS AND TRADE BALANCE THROUGH DECENTRALIZED RENEWABLE ENERGY – THE CASE OF JORDAN

Jessica Obeid

*Energy is a main driver of economic development, yet its cost can hinder growth in productive sectors and export trade, especially in energy-importing economies. The energy sector has also been a major contributor to Jordan's public debt. To alleviate this, the Jordanian government has implemented phased removal of electricity subsidies and heavily invested in regulations and funds promoting renewable energy. The focus is on implementing utility-scale renewable energy projects, which resulted in a 7.9 percent renewable energy share of total electricity generation in 2018. Yet this share will remain relatively low for a significant period of time, with only a minor impact on electricity prices in the short- and medium-term. Thus, energy models that immediately and significantly reduce electricity bills, such as decentralized small-scale renewable energy systems, should be emphasized. Financing mechanisms should be improved and should prioritize decentralized generation for productive sectors. A framework to attract investments in decentralized solutions should be clearly defined. The electricity utility company should change its role from a provider of energy to an enabler of a thriving electricity market, facilitating the integration of the different energy systems into a modernized grid. Moreover, grants and aid flowing into Jordan for energy projects should plan for "energy for trade," providing incentives for small-scale renewable energy in productive sectors with export potential.*

Energy is a main driver of economic development.<sup>11</sup> The causal linkages between energy consumption and economic growth have long been studied; the results depend on several factors such as the income level and energy context of a certain economy. In recent years, energy efficiency has contributed in some areas to a decoupling of energy consumption from economic growth. However, energy remains highly significant in achieving economic growth, especially since economic activities rely more and more on energy. Consequently, the demand for energy is increasing and becoming a heavy burden

for commercial activities and state budgets in economies that provide subsidies. The challenge increases for energy-importing economies that often have to choose between low economic growth or increased energy imports in an attempt to increase growth.<sup>12</sup> But this can be a vicious cycle for external trade, since increased energy imports elevate the costs both for governments and businesses who end up paying high operating costs, reducing their competitiveness on the local and international market, and negatively impacting their ability to export. Thus, the cost of energy can obstruct export potential. This is particularly relevant to the Hashemite Kingdom of Jordan, a highly-indebted, net energy-importing Middle Eastern economy.

The energy sector, specifically electricity, is a main contributor to Jordan's public debt. The Kingdom's National Electric Power Company (NEPCO) has been blamed for the rising level of public debt, due to the subsidies it receives, with a total contribution to debt of 7.8 billion USD,<sup>13</sup> equivalent to 19 percent of the Kingdom's total public debt. To alleviate its fiscal burden, Jordan started implementing a package of fiscal reforms some years ago, which included a phased removal of electricity subsidies. The Kingdom has also adopted aggressive renewable energy targets to reduce fossil fuel imports. The 2007 renewable energy target of 10 percent by 2020 was modified at the end of 2018 to 20 percent of primary energy demand by 2020.

Jordan has therefore heavily invested in regulations and funds promoting renewable energy, focusing on implementing utility-scale renewable energy projects, and these investments are paying off. According to data on electricity generation published by NEPCO in its 2018 Bulletin, renewable energy was calculated at 7.9 percent of the total electricity generation in 2018,<sup>14</sup> up from 2 percent in 2013, and Jordan was ranked as third best investment environment in renewable energy by the Bloomberg Climatescope 2018 Index.<sup>15</sup>

Jordan's efforts in the energy sector place it at the forefront of renewable energy in the region, promising to improve the Kingdom's energy security and decrease its reliance on fossil fuels. While invest-

11 S. Carley and S. Lawrence, *Energy-Based Economic Development* (London, 2014), p. 16.

12 O. Esen and M. Bayrak, "Does More Energy Consumption Support Economic Growth in Net Energy-Importing Countries?" *Journal of Economics, Finance and Administrative Science* 42 (2017), pp.75-98 (p.75).

13 "More Debt for Jordan's NEPCO," MEES, April 19, 2019 <<https://www.mees.com/2019/4/19/news-in-brief/more-debt-for-jordans-nepco/297dda60-6297-11e9-b184-efe3b3b5acee>> (accessed July 9, 2019).

14 NEPCO, "Bulletin 2018," 2018, p. 1.

15 Bloomberg Finance, "Climatescope Emerging Market Outlook 2018," 2018, p. 4.

ments in utility-scale renewable energy are important, the share of renewables will remain relatively low for a significant period of time, with insignificant impact on electricity prices in the short- and medium-term, as the Kingdom still relies on fossil fuel imports for more than 90 percent of its electricity generation. In fact, high energy costs are still reported as the largest challenge for the economy's performance.<sup>16</sup> As part of the fiscal reforms, the government increased electricity tariffs by approximately 15 percent in 2014 and an additional 7.5 percent in 2015,<sup>17</sup> negatively impacting the competitiveness of productive sectors in the Kingdom.

## *The energy sector is a main contributor to Jordan's public debt*

The agricultural sector accounts for 15.5 percent of total electricity consumption in the Kingdom, most of which is for irrigation. Higher electricity costs are one of the key factors that have hindered farmers' ability to consider investments in advanced agriculture technologies, and as a result, to improve the overall sector efficiency, productivity, export opportunities, and returns for the economy. Similarly, in tourism, high operating costs driven by increased electricity bills have also weakened hotels' competitiveness and hampered their ability to cut down on room rates, thus impacting the number of tourists in Jordan as well as how long they stay.

The problem worsens in manufacturing as the high cost of electricity translates into high production costs and reduced competitiveness. To deal with this, industry stakeholders have to either drastically reduce their profit margin just to remain on the local and international market, or decrease quality to cut down on production costs, and thus risk not meeting international standards. In meetings with local citizens, several individuals complained about the lower quality of locally produced items, and expressed preference for imported higher-quality products.

The situation has worsened recently with several industries reportedly permanently closing down. Manufacturing exporters also expressed the drop in their ability to compete internationally. The business services sector also suffers from the same electricity cost issue, which weakens the prospects of Jordan's positioning as a regional outsourcing hub.

### **The Struggle for Lower Prices**

Although the situation is threatening for the economy and export trade, it also presents an opportunity for decentralized electricity generation from renewable energy sources, which would improve Jordan's overall economy and its export potential through enhanced competitiveness on the international level. Several factors are currently negatively impacting the performance of the power sector: the lack of a solid energy security strategy; the lack of investments in energy efficiency; the persistence of the single-buyer model; elevated subsidies in energy and other sectors; poorly-designed long-term conventional and renewable Power Purchase Agreements (PPAs); and the ill-conceived tariff restructure.

In electricity subsidy removal, the government has adopted a straightforward approach, hiking the electricity tariff for high-paying customers, high electricity consumers, and the commercial sector, and aiming to safeguard poor households and the smallest industries. These high-paying consumers are therefore considering alternative options such as rooftop renewable energy generation, creating high risk for the utility's revenues.<sup>vii</sup> Instead of changing its role and revenue streams, the electricity utility company is fighting against decentralized generation. The Kingdom has also signed several poorly-planned long-term PPAs in conventional thermal energy, which result in an excess energy supply and the conservation of elevated electricity prices.

Moreover, the focus on increasing renewable energy capacity happened without proper planning in terms of design of long-term PPAs, off-taker prices, grid capacity, and de-risking measures. As a result of the ill-conceived PPAs to buy electricity from utility-scale renewable energy systems, the government is paying for unnecessary and non-consumed electricity generation, as it has committed itself to buying all deemed energy: the energy generated, and

<sup>16</sup> Ibid., p. 4.

<sup>17</sup> J. Obeid, 'Middle East Utilities vs Distributed Generation: A Losing Battle', Castlereagh Associates, June 25, 2019 <<https://castlereagh.net/middle-east-utilities-vs-distributed-generation-a-losing-battle/>> (accessed July 9, 2019).

power curtailed due to grid congestion or minimum base load capacity requirements.

Moreover, with falling renewable energy technology prices, the feed-in tariff contracts and the long-term agreements signed a few years ago are now considered expensive. The generated power is currently valued at approximately four times lower than the prices offered and agreed upon around 2012. The government is tied to these contracts it cannot change without reducing investors' confidence, yet these contracts should serve as a lesson on how to improve the strategy of renewable energy deployment.

There are also several complications on the grid side for utility-scale deployment. When the share of renewables exceeds 10 percent of the energy mix, enhancements to the grid network will be necessary for integrating renewable energy and mitigating the impact of its intermittency. As a result, network fixed costs will increase. Battery storage will improve this situation, but does not represent the optimum, cost-effective solution. Challenges are already arising for the ageing grid, while the government has yet to decide which power market it aspires to, and subsequently which power grid it should invest in. This has prompted the government to halt new licensing for renewable energy projects of a capacity higher than 1 MW, from early 2019 for an undefined period. Although technical experts report that the grid can sustain higher capacities, the utility is resorting to the 1 MW ceiling to halt some wheeling projects. This may or may not impact investors' confidence in the sector, but it should trigger optimization of the power sector strategy.

As the global cost of power generation from renewable (mainly solar and wind) energy falls sharply, rooftop forms of decentralized generation have a competitive advantage over utility-scale systems in terms of offsetting the otherwise fixed costs of transmission and distribution, making decentralization the cheaper renewables solution. Jordan should benefit heavily from that, considering that most renewable energy projects are currently implemented in the south of the country, then transmitted to the center due to the lower cost of land and better insolation in the south. This arrangement requires an additional investment of \$145 million by the government to implement the "Green Corridor" grid reinforcement. Moreover, investment in grid modernization is lacking.

### Shortcomings in Existing Support Mechanisms

Decentralized renewable energy systems are an optimal, lower-risk mechanism for increasing energy security and resilience, and achieving lower electricity prices. These systems promise to increase the competitiveness of the productive sectors and improve their export ability. Yet, they do need more focused financing and support mechanisms as the capital cost is too high for most businesses to bear.

The Jordan Chamber of Industry launched recently a 100 MW solar photovoltaic (PV) project for the manufacturing sector, enabling 100 small and medium enterprises (SMEs) to receive the equivalent power generation of 1 MW each. It remains unclear how this mechanism will be implemented and how these industries will seek equity for their plants. The sector also comprises an estimated total of more than 15,000 industries, which means that the project's scale is too small to create a significant impact, and sustainable, clear support mechanisms are needed.

## Decentralized renewable energy systems can increase energy security and resilience

The government has implemented the Jordan Renewable Energy and Energy Efficiency Fund (JREEEF) to provide loan guarantees for renewable energy systems for SMEs and the residential sector. In practice, the fund lacks a clear implementation strategy and has mainly supported schools and the residential sector, aiming for a consumption ceiling of 600 kWh per month for beneficiaries (low-consumption, low-tariff consumers). SMEs, which constitute 98 percent of Jordanian businesses and which report challenges in access to finance, have mostly been unable to tap into the fund.

### Recommendations

In its Vision 2025, and its aspiration to improve exports, the government of Jordan should be mindful of the high electricity costs as a barrier to the King-



dom's competitiveness on the international level. While the efforts to promote large-scale renewable energy systems, improving energy security, and reducing reliance on fossil fuel exports in the long-term are to be commended, the overall challenges in the power sector should drive the government to encourage decentralized power generation, re-assess the role and business model of its national electricity utility, and optimize foreign grants in the energy sector.

*- Decentralize energy models*

Energy models that offer short- and medium-term significant reduction of electricity bills, such as decentralized small-scale renewable energy systems, should be emphasized.

*- Improve financing mechanisms and prioritize decentralized generation in productive sectors*

A framework to attract investments in decentralized solutions should be clearly defined. The JREEF fund should become an independent entity and should focus on the productive sectors, enabling a large share of SMEs to tap into the fund.

*- Change the role of the electricity utility from a provider of energy to an enabler of a thriving electricity market*

This would facilitate the integration of different energy systems into the grid, and maximize the value of renewable energy systems' implementation. Decentralized renewable energy generation should not be perceived as a threat to the electricity utility, but an enabler of environmentally-friendly, cost-effective power generation, decreasing the burden of subsidies and increasing the competitiveness of the national economy. Endorsing these systems enables the utility to find new revenue streams, adopt optimal tariff restructures, and invest in grid modernization instead of expansion.

*- Plan grants and aid flowing into Jordan for energy projects for "energy for trade"*

Incentives should be provided for small-scale renewable energy in the industrial and commercial sectors, and solar systems for water pumps and agriculture storage facilities. Aid for Jordan amounted to \$3.65 billion in 2017,<sup>ix</sup> compared to foreign direct investments of \$1.7 billion.<sup>x</sup> Aid is highly significant in Jordan, and while it is not clear what share of grants

was committed to energy, the sector is gaining more focus, and the government should communicate to donors and aid agencies the importance of pledging funds for energy project implementation in productive sectors with export potential. In turn this can be capitalized upon to enhance exports and Jordan's competitiveness on the global market.

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## EMPLOYMENT

### FROM SURVIVAL STRATEGY TO INNOVATION – CREATING AN ENABLING BUSINESS ENVIRONMENT FOR MICRO, SMALL AND MEDIUM ENTERPRISES IN JORDAN

Sophie Schmid

*Despite the fact that Micro, Small, and Medium Enterprises (MSMEs) make up 99 percent of all registered enterprises in Jordan and employ 77 percent of the private sector workforce, their contribution to the GDP is still comparably low. Moreover, MSMEs make up the vast majority of all unregistered and unlicensed enterprises within Jordan's constantly growing unofficial sector. This means that the Kingdom's large number of MSMEs not only represents untapped tax revenues for the state, but also holds potential for significant economic growth. It is vital for policymakers to facilitate processes and adapt regulations in the fields of administration, financing, taxation, and compliance in order to reduce everyday hurdles for entrepreneurs in both setting up a business and expanding it. An enabling, rather than a stagnant business environment will not only reduce incentives for remaining in the informal sector, but also galvanize entrepreneurship as a source of economic growth and innovation in the Kingdom, instead of being a mere survival strategy.*

Although Jordan's MSMEs<sup>1</sup> could be the backbone of the country's economy and a vital source for job creation, they do not live up to their potential. Despite the fact that MSMEs make up 99 percent of all registered enterprises in Jordan and employ 77 percent of the private sector workforce, their contribution to overall production lies at only 30 percent,<sup>2</sup> while they account for a mere fraction of total company revenues. This imbalance represents a risk and opens

up prospects at the same time: as 55 percent of all MSMEs are concentrated outside of Amman, they are able to reach pockets of poverty in rural areas, contribute significantly to local development, and promote economic decentralization.<sup>3</sup> The fact that unregistered and unlicensed MSMEs make up the vast majority of the unofficial sector – which represents about 26 percent<sup>4</sup> of the Jordanian economy – means that the government fails to benefit from substantial tax revenue each year.

Jordan's economy has been troubled by numerous challenges and setbacks over the past years: government debt at 94.3 percent of GDP in 2018, an unemployment rate of 18.7 percent in Q1-2019, a stagnating GDP growth of around 2.4-2.5 percent, rising energy costs, and a bloated public sector.<sup>5</sup> With close to seventy percent of the country's population below the age of thirty, the Kingdom is a very youthful country. Nevertheless, close to one-third of young people in Jordan is neither in employment nor in education. In 2017, labor force participation stood only at 39.7 percent.<sup>6</sup>

Moreover, Jordan has come to rely heavily on foreign financial aid, loans, and assistance funds. The government has committed to various International Monetary Fund (IMF) and World Bank programs targeting different economic areas and demanding a set of free-market policies in return. Despite partial success in certain sectors, the austerity measures announced by the government as a result of the financial aid programs have led to severe dissatisfaction among citizens as well as rising inflation. The high influx of refugees from Iraq, and especially Syria, poses an additional burden on the country's public services and resources.

#### Restrictive Regulations and Unfavorable Laws

Regarding the regulatory and administrative framework, the conditions and requirements imposed in Jordan often constitute avoidable obstacles for entrepreneurs: Jordan ranked only 104 out of 190 in the World Bank Doing Business Index 2019 and

1 Like many other countries, Jordan does not have an official definition of MSME. According to the policy recommendations of the Small and Medium Enterprises Conference held under the umbrella of the Economic & Social Council and the Jordan Chamber of Industry in December 2018, micro enterprises comprise 1-4 employees, small enterprises 5-19, medium enterprises 20-99, and large enterprises employ more than 100.

2 "Small and Medium Enterprises Coalition Jordan, "Towards a New Economic Model: Enhancing the role of SMEs as Motives of Economic and Social Development," Economic & Social Council, Jordan Chamber of Industry, 2018.

3 Ibid.

4 Ibid.

5 "The World Bank in Jordan," World Bank <<https://www.worldbank.org/en/country/jordan/overview#1>> (accessed July 8, 2019).

6 "Jordan Economic Monitor, Fall 2017: Towards Stronger External Trade Performance," World Bank, 2017 <<https://openknowledge.worldbank.org/handle/10986/29098>> (accessed July 8, 2019).

reached 61 points in the distance to frontier score of the World Bank in 2017.<sup>7</sup> Restrictive regulations not only lead to high dissatisfaction among entrepreneurs, but also to an increase in unregistered and unlicensed MSMEs. The incentives for MSMEs to remain informal seem to be higher than to transition to the formal sector.

Thanks to the new e-government system, however, the registration process for limited liability companies in Jordan has been simplified in recent years and usually only takes several days. Since late 2018, the registration of an LLC can be carried out online, registration fees can be paid electronically, and each year's financial report can be submitted at the e-tax department. At any point, though, this process can be delayed in order to obtain a "special approval" for security reasons, carried out by the Ministry of Interior and the Intelligence Department. This security check has neither a legal basis nor transparent criteria or a clear time frame, and opens the door for arbitrariness and corruption.

## Accessible and transparent laws regulating MSMEs are lacking

According to startup-founder Sadeq Rasheed, remaining obstacles in the registration process also include signing up for the company's trade mark (taking approximately nine months) or buying the ".jo" domain, which costs JD 100 the first time and an additional JD 50 for each annual renewal. On top of a great deal of expensive paperwork and the minimum capital requirements, the costs of registration

and licensing a business are often too high for MSME founders.

In addition to the regulatory structure, the legislative framework for economic growth does not provide legal incentives for founding a business or investing in the private sector. Although anticipated in the Jordan Vision 2025,<sup>8</sup> there are still no accessible, transparent, and predictable laws regulating MSMEs or startups in Jordan. The movable assets law<sup>9</sup> was passed in May 2018, but has not yet been implemented. According to a recent survey,<sup>10</sup> laws governing investment in startups are very unfavorable (38 percent), the social security law for entrepreneurs is somewhat to very unfavorable (26 percent), and the customs law and regulations are very unfavorable (35 percent).

### Deficiencies in Funding and Financing

Since access to finance has been described as the main obstacle for firms in Jordan according to the World Bank "Enterprise Surveys,"<sup>11</sup> this must be facilitated and alternative financing options should be provided. Jordanian entrepreneurs usually belong to the low-income category and only have a startup capital of JD 5,000 or less.<sup>12</sup> However, 96 percent of all firms in Jordan are said to be "micro" firms, with fewer than ten employees, while accounting for just 8 percent of total company revenues.<sup>13</sup> For these businesses, there are usually a number of institutions providing access to capital – the most prominent in Jordan being private Microfinance Institutions (MFI) and commercial banks. In recent years, the Jordanian government has introduced several strategies aimed at stimulating the private sector and promoting private investment opportunities, the most prominent being the Jordan Economic Growth Plan (JEGP) 2018–22. Since 2004, non-profit micro-finance companies as well as NGOs have been exempted from all taxes, and Jordan established a Credit Bureau in 2015.

7 This score measures a country's business environment over time from a scale from zero to 100, 100 being the maximum.

8 The Jordan Vision 2025 is an extensive strategic plan for the country's near future and determines the integrated economic and social framework that will govern the economic and social policies of the coming years. It was launched by the Jordanian government in May 2015.

9 A moveable assets law provides lenders with the ability to register effective security over moveable assets. The law legalizes and regulates the registration of movable assets as collaterals for obtaining credit from financial institutions. Such a law makes it easier for small businesses to obtain credit using other forms of assets such as cars, machinery, and so on.

10 A survey conducted in January 2019 by the Ministry of Information and Communications Technology together with the World Bank Group and GIZ interviewed 230 Jordanian startup founders from over ten sectors, the majority being from the ICT sector. Its results were published in a PowerPoint presentation, "Jordan Startup Ecosystem Survey Results," January 16, 2019.

11 "Jordan 2013," World Bank Group Enterprise Surveys <<http://www.enterprisesurveys.org/data/exploreconomies/2013/jordan#corruption>> (accessed July 8, 2019).

12 Ghassan Omet et al., "Entrepreneurship in Jordan: Regional Analysis and Envisaged Role," Research Journal of Business and Management 2 (September 2015), p. 323.

13 "Jordan 2025: A National Vision and Strategy."



Despite these efforts, Jordanian MSMEs are still struggling to access credit and finance: there is no specific micro-lending regulation, no effective regulations protecting minority investors, and no efficient bankruptcy and insolvency system. One of the main problems concerning access to finance lies in the fact that many entrepreneurs in Jordan lack a formal financial history or have incomplete credit data, and are primarily dependent on cash transactions. Only 25 percent of Jordanians aged over fifteen report having an account at a financial institution, which makes them ineligible for most bank loans.<sup>14</sup>

Another key issue for MSMEs' access to funding is described as the "missing middle" financing gap: Jordanian entrepreneurs seeking between USD 50,000 and 2 million are often too big for micro-finance loans and too small and risky for commercial banks.<sup>15</sup> Although banks' interest rates tend to be lower than those of MFIs, SME loans account for only 13 percent of the total commercial loans in Jordan and usually result from collateral rather than creditworthiness.<sup>16</sup>

When it comes to alternative funding sources such as incubators, accelerators, or funds, there is a significant gap in Jordan. According to Sadeq Rasheed, existing Jordanian early-stage seed investment companies, business accelerators, and other institutions such as OASIS500, ZINC, or the King Hussein Business Park are not only already fully occupied for the coming years, but simply do not provide a sufficient amount of funding. Furthermore, in order to qualify for many of these institution's programs, entrepreneurs must not only present an innovative business idea, but should also have a certain academic or vocational background.

Another major issue mentioned by MSME owners in Jordan is the lack of foreign investment and insufficient access to foreign markets. Despite the government introducing various measures to improve the business environment for foreign investment, such as easing visa procedures or establishing the Jordan Investment Commission (JIC), many foreign investors are still dependent on a Jordanian partner holding 50 percent of the shares, while several economic sectors are not accessible for foreign investors at all.

### Promoting Stagnation through Taxes

According to 51 percent of Jordanian startup founders in the abovementioned survey,<sup>17</sup> government policy perceptions on taxes are "very unfavorable," while 73 percent of all participants identified Jordanian tax law as the least favorable of all government policy perceptions. Entrepreneurs criticize irrelevant tax laws, high indirect taxes, as well as a lack of training and knowledge among entrepreneurs for comprehending the highly complex taxation system.

*If enabled, MSMEs can be a vital source of job creation and income*

At the same time, the Jordanian state loses significant amounts of tax revenue due to widespread tax evasion, especially among MSMEs. According to the Ministry of Finance's Income and Sales Tax Department, the total tax losses in 2016 stood at USD 4.2 billion.<sup>18</sup> Even though MSMEs are exempted from sales tax up until JD 70,000 annual revenue, this most likely hinders entrepreneurs' motivation to expand their annual income. Furthermore, irrelevant tax laws create additional admin compliance costs. In this regard, Jordan is a good example of how tax policies can negatively impact productivity.

### Recommendations

In a country like Jordan, where economic and political stability are particularly intertwined, and the latter is directly related to its dependence on foreign financial aid, it is of utmost importance to strengthen the private sector and focus on job creation. In order for Jordan's already existing vast network of MSMEs to expand and become a vital source of job creation and income, the Jordanian government needs to introduce a set of easily implementable reforms

14 Adam Schiff et al., "Entrepreneurship Environment Assessment in Jordan," Silatech Research and Policy Report, University of Minnesota, Humphrey School of Public Affairs, May 2015 <<https://conservancy.umn.edu/bitstream/handle/11299/172490/Schiff%2C%20Schmidt%2C%20Troncoso-%20Entrepreneurship%20Assessment%20in%20Jordan%20May.pdf?sequence=1>> (accessed July 8, 2019).

15 Ibid.

16 Ibid.

17 See footnote 10.

18 "Challenges of Starting a Small Business in Jordan." Jordan Strategy Forum (JSF), May 2013 <[http://jsf.org/sites/default/files/Challenges percent20of percent20Starting percent20a percent20Small percent20Business percent20in percent20Jordan\\_1.pdf](http://jsf.org/sites/default/files/Challenges%20of%20Starting%20a%20Small%20Business%20in%20Jordan_1.pdf)> (accessed July 8, 2019).

within the areas of administration, funding, and taxation to improve both the quality and the quantity of entrepreneurship in the country. It is equally important to create incentives for unregistered MSMEs to transition into the formal sector. All measures should focus on the great potential of MSMEs to support economic decentralization in rural areas.

*- The Ministry of Industry, Trade, and Supply should simplify business registrations and fee structures*

Business registrations and fee structures should be simplified by developing standard application procedures, lowering the minimum capital requirements, and passing a set of laws regulating MSMEs and startups. These goals can be met by a set of tools, among them a flat fee for business registration and the “ex-post” (after the fact) method. The fees for registering and licensing a business should not be a tool for collecting money for the state, especially in a country like Jordan where small or even micro enterprises are the majority. Instead, a flat fee for MSME registration, licensing, trademarks, and domains should be introduced, regardless of capital amount, and based on a threshold capital amounting to 1 percent of GNP per capita.<sup>19</sup> When applying the “ex-post” method when evaluating the security of a business, the business can start operating immediately after being registered without interrupting the registration process through arbitrary “special approvals.” Although this measure does not mean these security checks will not be carried out at a later point in time, it will at least allow the business to start operating. Jordan has to adopt accessible, transparent, and predictable laws regulating MSMEs or startups and implement the movable assets law to obtain credit from financial institutions.

*- Relevant ministries and institutions, such as the Ministry of Finance, the Ministry of Planning and International Cooperation, as well as the Bank of Jordan and the World Bank Group, should facilitate access to finance by promoting various financing options while ensuring the regulatory protection of lenders and creating incentives for foreign investment*

By imposing specific micro-lending regulations, the Jordanian government would not only ensure a legal framework that guarantees stability, competition, and efficiency in the financial market, but also protect minority investors. Micro-finance regulations

broaden the range of criteria for credit-worthiness and separate by risk type. They differentiate between the various pledges of loan applicants – by collateral, reputation, or attitude – and provide an alternative to bank loans by strengthening credit information. Funding programs should be directed towards and tailored to entrepreneurs’ needs (according to sector, stage, size, and so on), with the introduction of provisions for various financing avenues to service differing needs among the population.

In addition, regulations need to address the “missing middle” gap: lending capital should be available to support each stage of development. In order to safeguard regulatory protection of lending institutions and thereby increase their willingness to lend, Jordan should assess and seek to improve an efficient bankruptcy and insolvency system.

Beyond financing, MSME owners need non-financial services as well. Therefore, the Jordanian government should invest significantly in incubators and accelerators, which offer loans, work spaces, as well as mentoring, financial education, and business training. This way, entrepreneurs receive essential start-up support, build up a sustainable network, and benefit from best-practice examples.

In order to create incentives for foreign investment and provide MSME owners better access to foreign markets, the Jordanian government needs to reduce tariffs significantly on both exports and imports. Trade facilitation measures such as the elimination of trade-related transaction costs will enable entrepreneurs to grow, diversify, and ultimately contribute to Jordan’s economic expansion.

*- The Ministry of Finance and the Prime Ministry should work to ensure a balanced tax system that creates incentives rather than merely cracking down on tax evasion*

As administrative, legal, and financing procedures in Jordan hinder the establishment of MSMEs, current tax regulations actively discourage them from growing or expanding. Therefore, regulations should be remodeled in such a way that they support productivity, rather than punishing companies through the use of disproportionately high and partially arbitrary taxes. A tax system composed of several stage tariffs differentiating between an enterprise’s annual revenues, rather than increasing in a linear way, would

<sup>19</sup> According to “Challenges of Starting a Small Business in Jordan” by JSF, the World Bank found that the cost of starting up a business for the top ten countries in terms of cost does not exceed 1 percent.

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relieve MSME founders of certain tax payments, especially at early development stages. Instead of cracking down on tax evasion, the tax system should motivate citizens to pay taxes by being affordable and – ideally – offer high quality services in return.

Another tool draws from the Tunisian Finance Act 2018, which determines that profits from direct investment in local development areas are fully deducted from taxable income up to the end of a five-year period. Hereby, the tax system would actively support entrepreneurship as well as decentralization in Jordan.

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## THE “EMPLOYER OF LAST RESORT” – A ROUTE TO WOMEN’S EMPOWERMENT IN RURAL JORDAN

Salam Abukhadrah

*Despite the high educational attainment of Jordanian women, their participation rate in the labor market is one of the lowest in the world. While the public sector has been declining due to the strained economic growth that has weakened its role as the main employer of women, the private sector has been reluctant to employ women for fear of high social costs. The situation is even more critical for rural women who are faced with high unemployment rates and limited opportunities outside informal employment in the agricultural sector. One way to tackle this issue is the introduction of an Employer of Last Resort program (ELR). ELR programs aim to guarantee wage employment for those who are willing to work and cannot find employment: the involuntary unemployed. A bottom-up, women-centered, demand-driven, and self-targeting form of wage employment is a possible solution in rural areas of Jordan.*

Jordanian women have reached impressive levels of educational attainment. However, this has not led to higher rates of women’s employment. According to the World Bank’s calculations for 2018, the female labor force participation rate in Jordan stood at 14 percent compared to 63.5 percent for men.<sup>20</sup> Moreover, the Jordanian Department of Statistics (DOS) recorded women’s unemployment rate at 27.1 percent in the third quarter of 2018 against 16.3 percent for men.<sup>21</sup> This reveals that women’s employment is not only low but also decreasing: the unemployment rate rose by 2.8 percent from the previous year, compared to a 0.9 percent increase for men. Furthermore, Jordanian women in the rural economy experience even higher unemployment rates than in urban areas, with a recorded level of 33.8 percent in 2018.<sup>22</sup> For Jordan to capitalize on its long-term investment in education and move towards economic growth, it must seriously address the alarming rates of women’s unemployment, especially for rural women.

### Transition from School to the Labor Market and Unpaid Work

The majority of young men and women in Jordan under the age of twenty are still enrolled in the education system. As they grow older, the transition of both sexes into the labor market takes different directions. On the one hand, male employment witnesses a stable and rising transition into paid employment, with over 90 percent of those aged 25-29 considered economically active. However, only a small percentage of women experience a form of transition into the labor market, with more than 80 percent of women aged 25-29 choosing to undertake household responsibilities.<sup>23</sup> Unlike men, women’s transition into paid employment is intimately connected with their marital status. Unmarried women with a bachelor’s degree have the highest participation rate of 79 percent of female employment.<sup>24</sup> This also implies that Jordanian women are most exposed to the deterioration of skills during unemployment or complete absence from the labor market.

Furthermore, the exclusion of unpaid work from DOS data results in deepening women’s invisibility from statistics that deprive us of the tools to understand and challenge the harmful labor conditions that women face. For example, in the agricultural sector, many rural women are economically active in home-based or family-based agricultural activities, which are not accounted for in the market. In addition to their household responsibilities, this means that women end up performing two jobs, neither of which is considered paid work.<sup>25</sup> In addition, the small minority of women who work in paid agriculture usually work on commercial lands through informal contracts. This informality puts women at risk as they have no legal rights as workers. Thus, there is an urgent need to formalize unpaid work and informal contracts through sound labor market regulations.

### The Structure of Employment

Jordanian women are torn between a stagnant public sector and a private sector that seems reluctant to employ them. Both men and women in public

20 “Labor force participation rate, female (% of female population ages 15+) (modelled ILO estimate);” World Bank, April 2019 <<https://data.worldbank.org/indicator/sl.tlfc.act.fe.zs>> (accessed July 4, 2019).

21 “18.6% Unemployment Rate during the third Quarter of 2018,” Jordanian Department of Statistics, 2018 <[http://dosweb.dos.gov.jo/unem\\_2018q3/](http://dosweb.dos.gov.jo/unem_2018q3/)> (accessed July 4, 2019).

22 “Jordanian Unemployment Rate: Rural: Female,” CEIC, 2018. <<https://www.ceicdata.com/en/jordan/jordanian-unemployment-rate-by-region/jordanian-unemployment-rate-rural-female>> (accessed July 4, 2019).

23 “Jordan: Young women’s employment and empowerment in the rural economy in Jordan,” International Labour Organization, Geneva, March 22, 2018.

24 R. Assaad et al., “Gender and the Jordanian labor market,” in Ragui Assaad (ed.), *The Jordanian Labor Market in the New Millennium* (Oxford, 2014), p. 172. DOI:10.1093/acprof:oso/9780198702054.003.0004

25 “Women’s Participation in the Agricultural Sector, Rural Institutions and Community Life,” UN Women, REACH Initiative, Amman, 2018.

employment are clustered in different sectors that reflect both educational attainment and existing patriarchal norms. On the one hand, men have the highest participation rates in low-skilled jobs that are not strictly based on educational attainment, such as public administration and mechanics. According to Jordan Labor Market Panel Survey (JLMPS) data, men with less than secondary education counted for more than 42 percent of public workers in 2016.<sup>26</sup> Women on the other hand are particularly concentrated in two public sectors: education, and health and social work activities. Unlike men, women's employment in the public sector is correlated with women's educational attainment. In fact, women are more likely to be employed in the public sector with better education. Moreover, those sectors are regarded as female-friendly with more tolerance towards unpaid work carried out by women (e.g. shorter working hours). In addition, jobs in these sectors are considered socially appropriate for women and conform to the expected gender roles and social norms. This results in the reinforcement of a gendered division of labor that makes it even more challenging for women to take on different types of jobs or to expand to different sectors in the economy.

Further, these sectors can be described as stagnant, with no increase in job creation due to tight fiscal policy. Therefore, the general trend of shrinking the role of the public sector has been most harmful to women who largely rely on it for their employment, compared to the private sector. This is particularly the case for women working in Jordan's rural economy, who perceive the public sector as one of their few options for formal employment. The agricultural sector in rural Jordan presents a safety net for 25 percent of the country's total poor by providing a critical form of livelihood. It is also the main employer of rural women. However, it is also known to have the highest percentage of informal workers compared to other sectors. Hence, rural women require serious alternatives and different modes of employment beyond agriculture.

On the other hand, the private sector itself presents many obstacles that not only discourage women from applying for more competitive jobs, but also places

them in a more vulnerable position in the labor market compared to men. The existing gender wage gap is more pronounced in the private sector than it is in the public sector. According to the Equal Pay International Coalition (EPIC), the gender wage gap in 2018 was 14.2 percent in the private sector and 13.8 percent in the public sector in favor of men. The discrepancy is even greater in sectors dominated by women, with a 27 percent wage gap in the health sector and a 30 percent wage gap in education.<sup>27</sup> This is one of the main reasons behind lower female labor force participation.<sup>28</sup>

## Only a small percentage of women transition into the labor market

Moreover, employers in the private sector discriminate against hiring women in general, and particularly against married women, to avoid the additional costs of social and maternal benefits. In addition, there is a strong mismatch between women's education and the demands of the labor market.<sup>29</sup> Women's increased access to private sector employment has been mostly in terms of temporary jobs especially for women with secondary education at most, while educated women continue to be clustered in low-productivity jobs in education and health. It is important to note that the private sector plays a weaker role in the rural economy and hence has a limited role as an employer of women. This results in a larger shortage of work for women in rural Jordan, worsened by stronger social norms, weak connectivity, and other infrastructural problems.

In general, the Jordanian economy is not creating enough jobs, especially in the face of slow economic growth and the increased hiring of both foreigners (migrants) and refugees, particularly Syrians. The employment-to-population ratio (EPR) for Jordanians

26 Ragui Assaad and Colette Salemi, "The Structure of Employment and Job Creation in Jordan: 2010-2016," Economic Research Forum Working Paper Series no. 1259, Cairo, 2018.

27 "Jordan," Equal Pay International Coalition, 2018 <<https://www.equalpayinternationalcoalition.org/members/jordan/>> (accessed July 4, 2019).

28 "Jordanian Women's Report on the occasion of the International Women's Day – Statistical Perspective," Department of Statistics, 2015 <<http://dosweb.dos.gov.jo/jordanian-womens-report-on-the-occasion-of-the-international-womens-day-statistical-perspective/>> (accessed July 4, 2019).

29 R. Ayadi et al., (2018). Human capital, labour market friction and migration in Egypt, Jordan, Morocco and Tunisia," EMNES Studies 5, May 2018 <[https://www.euromed-economists.org/wp-content/uploads/2018/05/EMNES\\_Study\\_005-Human\\_Capital-Labour\\_Market\\_Friction\\_Migration-Egypt-Jordan-Morocco-Tunisia\\_v4.pdf](https://www.euromed-economists.org/wp-content/uploads/2018/05/EMNES_Study_005-Human_Capital-Labour_Market_Friction_Migration-Egypt-Jordan-Morocco-Tunisia_v4.pdf)> (accessed July 4, 2019).



has been declining since 2009.<sup>30</sup> That being said, the impact of hiring foreigners and the Syrian refugee crisis on Jordanian women is fairly limited, as most of the competition occurs in the realm of informal/irregular private employment that affects poor and less educated Jordanian men the most.<sup>31</sup>

## Wage employment programs could offer an alternative solution

These constraints have driven many Jordanians, especially women, into high skilled migration. In 2015, women counted for 47 percent of the total migrant population in Jordan.<sup>32</sup> Furthermore, many women discouraged by the labor market were driven to operate informal small businesses in their own homes; these are not formally registered and thus are not taxable.<sup>33</sup>

The Jordanian government needs to find ways to maximize the private sector's potential as a vital player in the country's economic growth and as an employer of women. Well-intended solutions from the government to encourage women's employment in the private sector have proven to be insufficient or with modest impacts at best. For example, subsidized private employment programs across the country have been characterized by low enrolment rates, high dropout rates, and low placement rates.<sup>34</sup> Generally, the poor use of any monitoring and evaluations systems for these programs makes it not only difficult to assess their success, but also prevents any comprehensive data collection that can better inform policymakers. The pilot program "NOW" was implemented by the World Bank with a rigorous evaluation component to test the effectiveness of job vouchers versus skills training on the employability of female community college graduates. Even though

the project has recorded positive results in terms of participants' self-esteem, there is no indication that the program increased the employability of women, neither through subsidies nor through the training.<sup>35</sup>

One promising alternative is the introduction of wage employment programs to guarantee full employment. This can also harmonize fragmented efforts and resources from various ministries and agencies involved in employment policymaking. It is important to note that many of these agencies provide employment services, intermediation, and training which will not be fully optimized as long as they are not integrated into job creation schemes. Countries such as India and South Africa have successfully implemented wage employment programs, otherwise known as Employer of Last Resort (ELR) programs to tackle issues of poverty, rural development, and gender inequality. Even though it is difficult to adapt global findings to a single case, these programs can nonetheless contribute to positive employment outcomes and their ability to empower women, especially in the rural economy.

### Recommendations

The Jordanian government has a crucial role in finding solutions to advance job creation schemes and encourage the private sector. This role can be supported through the introduction of ELR programs. These programs aim to guarantee demand-driven wage employment for those who are willing to work and cannot find employment (the involuntary unemployed). This also includes capacity building and various training courses, especially in technology, to increase the mobility of workers from ELR programs into private employment. The development of ELR must be cyclical to encourage employment in the private sector. This suggests a stronger presence of ELR projects during economic downturn to act as a buffer stock of employment, and the opposite in economic upswings. Moreover, these programs can be deliberately designed to consider gender-based solutions.

Ideally, the financing of ELR should be mainstreamed in the public sector budget process. Thus, the Jor-

30 "Employment to population ratio, 15+, total (%) (modeled ILO estimate), World Bank, 2018 <<https://data.worldbank.org/indicator/SL.EMPTOTL.SP.ZS>> (accessed July 4, 2019).

31 Ragui Assaad et al., "The Composition of Labor Supply and its Evolution from 2010 to 2016 in Jordan," Economic Research Forum Working Paper No. 1183, April 2018.

32 G. Naufal, "Mapping remittances from the Gulf: The case of Jordanians in the UAE," presentation to the International Organization for Migration, Amman, 2017.

33 "Country gender assessment: Economic participation, agency and access to justice in Jordan," World Bank, 2013.

34 D. F. Angel-Urdinola et al. (eds), "Building effective employment programs for unemployed youth in the Middle East and North Africa," The World Bank, 2013.

35 "Increasing female participation in employment through vocational education and training in Jordan," European Training Foundation, 2016.

danian government could revise its actual public spending through a gender lens to identify ways to incorporate ELR in its planning. That being said, given that the Jordanian economy is pursuing further fiscal tightening in the light of soaring debt-to-GDP ratios,<sup>36</sup> it will not be realistic to assume that the Jordanian economy is in a position to adopt expansionary public policy. Instead, leverage should be placed on the coordination of resources from the private sector, donors, and international grants, and the work of local and international NGOs and community groups.

*- Advance job creation and gender equality through the introduction of ELR in rural Jordan*

The Jordanian government should consider the country's rural areas as a starting point for the program, where its benefits can be capitalized the most. The implementation of a decentralized ELR program that gives control to local villages and communities seems promising.

*- Follow a bottom-up approach by identifying key stakeholders*

The implementation of ELR in Jordanian rural areas involves roles and responsibilities of several stakeholders, from the village to the national level. Women are the primary stakeholders of the program and their demand for work is the main trigger of the project. ELR should be implemented in a self-targeting manner and thus women must apply first for work through ELR before the exact determination of the project. The target group of women eligible for ELR are either unemployed rural women with relatively low levels of education, or those who belong to the 13 percent of women exploited in informal agricultural activities in commercial farms. The eligible age group should be between 18-30 years. One possible work scenario is the demand for a higher investment in social infrastructure. Women's needs and demands for work should be further discussed at the village council.

*- Set up a village council*

A village council should be set up as the principal forum for women to raise their voices and make demands, and can be established through elections supervised by the municipal council. The council would consist of elected members from the village

with reserved seats for women, farmers, representatives from civil society organizations, and community-based organizations. At this stage, people's needs will be identified through consultations among stakeholders. To ensure the relevance of the chosen ELR project to women's lives, it is important to enforce accurate gender planning mechanisms that consider women's and men's differing needs.

*- Identify available resources and use a gender transformative evaluation system*

A governing council, in consultation with the village council, should identify available resources for the chosen project and ensure all funds paid to various implementing agencies are used efficiently for the allocation of work. In addition, the governing council should monitor and evaluate the projects taken up at the village level. For this purpose, the use of a gender transformative evaluation system is recommended, with a central focus on inequalities. This has strong potential to detect what and when gender components were neglected from the policymaking process, as well as how they can be included in it.

*- Issue operational guidelines and set rules that promote gender equality*

The Jordanian government should issue operational guidelines for the implementation of ELR projects and set rules that promote gender equality. These include: quotas to guarantee women's participation, especially in jobs that are not traditionally regarded as "women's work"; the enforcement of equal pay; the availability of childcare facilities on a worksite; and other provisions that enable women to take on more jobs. At this stage, the government can determine funding for projects from the fiscal budget.

*- Engage civil society*

Civil society organizations can help spread awareness about the program and engage in various activities to strengthen ELR implementation. For example, CSOs can provide training and support for members of the village councils, especially when it comes to the selection of the projects. They can also take part in the fight against men's resistance to women's employment that might be intensified in the context of job scarcity.

36 "Jordan Economic Growth Plan JEGP 2018 – 2022," The Economic Policy Council, Amman, 2017.

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*- Support the implementation of ELR in Jordan, e.g. by integrating ELR into the planning of the European Neighbourhood Instrument (ENI)*

There is strong cooperation between the EU and Jordan with regards to many persistent issues, especially when it comes to fighting unemployment and empowering women. Therefore, the EU can play an important role in ensuring the implementation of ELR and its follow-up. This can be reinforced through bilateral agreements and EU allocation of financial assistance directed towards ELR. Hence, ELR could be integrated into the planning of the European Neighbourhood Instrument (ENI), which supports political and socio-economic reforms in Jordan.

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## PROMOTING FLEXIBLE WORK REGULATION IN JORDAN TO ACHIEVE COMPREHENSIVE YOUTH ECONOMIC EMPOWERMENT

Bara'ah Batainah

*Jordan is a small middle-income country that has suffered dire economic conditions. The current situation has led the government to promote self-employment programs and non-traditional work patterns as a key strategic approach to encourage youth participation in the economy. Young people, who comprise a significant segment of the population, prefer and often have stable jobs based on a written contract and its entitlements. Nonetheless, they frequently lose their jobs because of harsh working conditions, inflexible working hours, and work pressure.<sup>37</sup> The 2017 adoption of new regulations adding flexibility to the fixed written contract was therefore an unprecedented step. However, some obstacles should be addressed regarding flexible work regulation, such as the ambiguity of implementation. The government should promote the flexible work scheme widely, verify the procedures to benefit business owners and employees in different fields, and analyze the economic returns of flexible work to encourage the adoption of these regulations with a clear focus on youth.*

Unemployment rates in Jordan have remained unprecedentedly high for the last 11 years, reaching 18.6 percent during the fourth quarter of 2018. Over the past three years (2015-2017), unemployment levels reached 33.29 percent, 38.5 percent, and 39.76 percent respectively, particularly among youth aged 15-24. This is significantly higher than the global youth unemployment rate for the same period, which was approximately 13.2 percent.<sup>38</sup> Jordan's chronic and protracted unemployment challenges include an increasing labor supply, structural unemployment among youth, low labor force participation, disproportional job creation, educational system outputs incompatible with labor market needs, unstable investment trends, and migratory labor patterns. All these factors mean that unemployment has become a top priority for the government of Jordan (GoJ).

As Jordan's youth population has grown, the government has increased its focus on young people as it recognizes their role in influencing economic and social change. The rapid growth of the young population has created a "youth bulge" in Jordan, which has led Jordanian decisionmakers to recognize the youth population in their development discourse, legislation, policies, and national strategies.

This recognition has been expressed in Jordan's strategic planning and policies. The Economic Growth Stimulus Plan for Jordan (2018-2022)<sup>39</sup> and Jordan Vision 2025 have provided new alternatives to stimulate economic growth and opportunities for youth in the labor market. The emphasis is mainly on economic self-reliance and a culture of self-initiative, encouraging young potential entrepreneurs by providing needed support, linking labor market demands and education, and promoting vocational training as well as the economic participation of young women.

Despite progress on paper, the implementation of some economic policies has nevertheless played a role in weakening the supply-demand correlation in the labor market and prolonged the inability to close the gap between educational and training outputs and labor market needs. At the same time, local development and economic models have not helped to create decent jobs.

In 2017, the number of Jordanian employers decreased by 5.2 percent, and the percentage of self-employed workers declined to 8.6 percent.<sup>40</sup> Youth are less engaged in self-employment in comparison to the overall population. In fact, a 2018 analysis of attitudes among students in the last year at Jordanian universities, community colleges, and vocational training centers showed a moderate tendency or preference towards entrepreneurship. This indicates the lack of attention paid to self-employment, entrepreneurship, startups, and non-traditional work, despite the government's discourse.<sup>41</sup>

According to an International Labor Office survey, employed youth in Jordan often have stable jobs based on a written contract, and in 85 percent of cases, young employees' contracts were unlimited

37 "Access to Decent Work in Jordan 2017," Phenix Center <<http://phenixcenter.net/en/access-decent-work-jordan-2017/>> (accessed July 16, 2019).

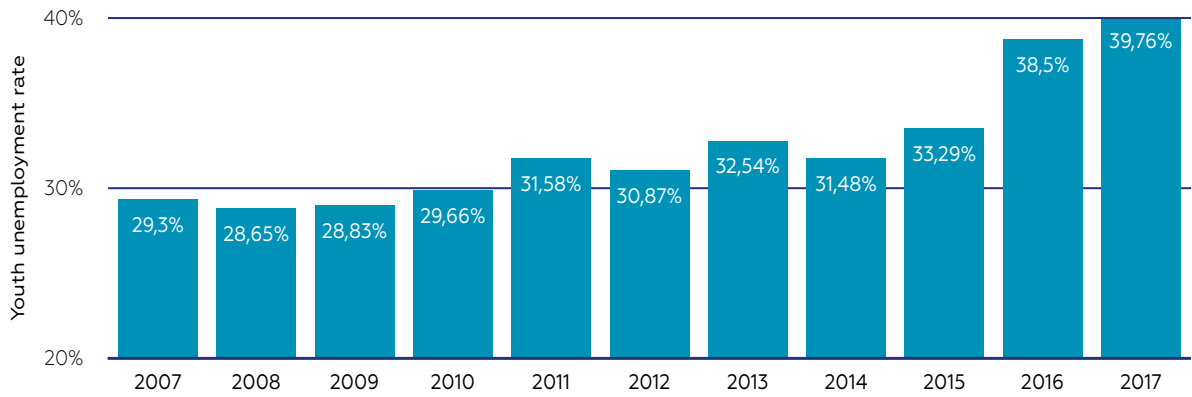
38 "Jordan: Youth Unemployment rate from 2008 to 2018," Statista <<https://www.statista.com/statistics/812127/youth-unemployment-rate-in-jordan/>> (accessed July 16, 2019).

39 The Economic Growth Stimulus Plan for Jordan (2018-2022) presents a long-term national vision and strategy that identifies a set of economic and social goals to improve the welfare of citizens.

40 "Studying the attitudes of young people on the labor market towards entrepreneurship and the supportive institutional environment in Jordan (2018)," Higher Population Council, Jordan, p. 31 <<https://www.hpc.org.jo/sites/default/files/Study-%20enhancing%20entrepreneurial%20attitudes%20-%20AR.pdf>> (accessed July 16, 2019).

41 Ibid.

**Figure 1: Youth unemployment rate in Jordan from 2007 to 2017 (15-24 years)**



\* Source: World Bank © Statistice 2019, Additional Information: Jordan; World Bank; ILO; 15-24 years

in duration. Most employed youth in Jordan were employees, wage and salaried workers, with only 2.1 percent of young people in involuntary part-time employment.<sup>42</sup>

Although working hours are regulated by Jordanian labor law, young people still lose their jobs due to working hours, the number of working days, and work pressure.<sup>43</sup> The conditions are aggravated by the lack of a safe and accessible work place, and costly public transportation. In 1996, Jordanian labor law addressed the issue of working hours in order to ensure a work-life balance, especially for regular workers. It limits the working week to 48 hours and daily working times to eight hours, excluding rest periods. The law allows for exceptional cases in which the employee may work more hours than those specified by law.

In practice, however, working hours and their distribution are based solely on the employer’s own interests. Consequently, employees are often forced to choose between leaving work or working only part-time, especially if they also want to pursue education or have other external responsibilities. In addition, workers exceed the legal daily maximum of eight hours in many sectors, without receiving additional pay.

**Flexible Regulations: A Catalyst for Economic Benefits and Returns**

The Flexible Labor Regulation No. 22 was published in the official state newspaper on March 16, 2017.<sup>44</sup> Adding flexibility to a fixed written contract, which allows for independence while fully preserving the entitlements and rights of young workers, was an unprecedented step in Jordan. According to the government, the regulation aimed to promote the economic participation of various social groups, especially working women. It also aims to make the work environment more receptive to new opportunities.

According to the new regulation, those who have been employed for three consecutive years, workers with family responsibilities, workers with disabilities, and university staff can benefit from flexible employment contracts. The regulation does not diminish labor rights as long as these rights are commensurate with the number of hours worked, or unless the flexible contract stipulates better rights for the worker. Wages are calculated on an hourly basis, and the number of annual and sick leave days are calculated as a percentage of agreed working hours.

Historically, the global flexible labor system was first introduced in the United Kingdom in 1971.<sup>45</sup> It was

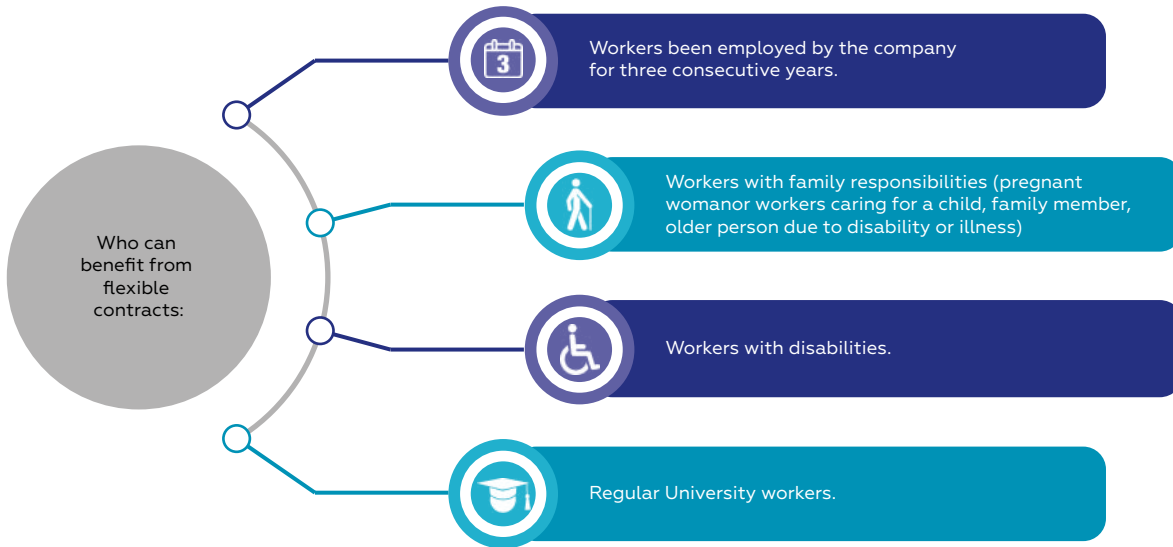
42 “Labour market transitions of young women and men in Jordan,” International Labour Office, 2014, p. 14 <[https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/dcomm/documents/publication/wcms\\_245876.pdf](https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/dcomm/documents/publication/wcms_245876.pdf)> (accessed July 16, 2019).

43 “Access to Decent Work in Jordan.”

44 Published on March 16, 2017 in the Official Newspaper No. 5450 Flexible Labor Law No. 22 of 2017, published on March 16, 2017 in the Official Newspaper (laws and regulations passed in the Jordanian Parliament and effective from the date of publication).

45 Flexible Working - A career and lifestyle pathway,” Adecco <<https://www.adecco.com/wp-content/themes/ado-group/downloads/the-adecco-group-flexible-working.pdf>> (accessed July 8, 2019).

Figure 2: Who can benefit from the flexible contract 2017



Graphic prepared for the author based on the Flexible Labor Law No. 22 of 2017.

a response to the diversity of working conditions around the world, which necessitated systems compatible with the era of globalization, assistive technology, and other economic and social changes.

By some estimates, 20–30 percent of the working-age population in developed countries is involved in flexible labor to some extent. In 2017, this kind of work added \$1.4 trillion to the US economy alone, and in Europe the annual figure is €270 billion.<sup>46</sup> Across the globe, young people see flexible hours as positive. A global qualitative survey of those aged 18–26 conducted for the Adecco Group<sup>47</sup> demonstrated that free/flexible working hours represent an opportunity for independence, and faster development of experience and skills. According to LinkedIn’s global dataset,<sup>48</sup> independent professionals work in higher seniority roles sooner than their peers in open-ended (traditional) employment.

In Jordan, the application of the flexible work scheme allows for increased staff efficiency through flexible working hours, and helps institutions that need to operate outside normal working hours. Additionally, more flexible labor regulations will help organizations grow by increasing staff while reducing oper-

ational costs, since it often helps to reduce capital expenditure rather than having the entire staff in one place during specified hours.

It also gives workers the ability to balance work requirements and family or personal responsibilities, which in turn leads to a revitalization of work activities, enthusiasm, and reduced fatigue or illnesses related to daily mobility and routine. Furthermore, workers perform their work at lower “time and cost” because of an increase in psychological and physical comfort and a decrease in anxiety and exhaustion.

Additionally, flexible work helps to reduce traffic problems and the great pressure on public or private transportation networks, as traffic is distributed throughout the day due to employees having different working hours. Adopting flexible working conditions can also contribute significantly to increased female economic participation, allowing women more convenient ways work while at the same time fulfilling their family responsibilities, or overcoming challenges like transportation and mobility.

Such positive attitudes – particularly among younger generations – give every reason to expect the growth

46 Ibid.

47 Ibid.

48 Ibid.

of flexible work to continue. As well as providing personal career development, accelerated learning from flexible work can support young people in playing an important social role once they have the time and space to participate in community activities.

### Current Shortcomings and Challenges

Limited understanding of Flexible Labor Regulation No. 22 leads to confusion between flexible work and freelancing or allowing work outside offices. The Flexible Work Regulation defines a change in the employment contract between an organization and the employee. Freelancing is not addressed in national labor law and consequently is not subject to national employment regulations including paid annual leave, personal leave, or long service leave.

## Given its benefits, flexible work can be expected to continue to grow

As there are no scientific studies that show the importance of flexible working conditions, the demand for flexible contracts is less common. Despite the spread of this model for youth employment around the world, there is no effective measurement in Jordan on the impact of flexible work, especially in regard to economic participation of those aged 24-35, who constitute the largest proportion of the labor force in Jordan. Nor does the regulation oblige organizations to apply a flexible work scheme or offer incentives for employers to apply such schemes. The regulation states: "If the company finds that in their benefit to apply the flexible working arrangements in terms of organizing hours/place of work, the worker is entitled to reduce daily working hours, distribute work hours according to the times that suit him/her or intensify working hours on a weekly or monthly basis." One of the most important benefits of flexible work for young people is the amount of money saved on public transport and traveling expenses to

and from the workplace. However, the regulation does not give any guarantees for workers themselves, which would motivate them to exchange their contracts for flexible ones.

Some obstacles inherent in the regulation, such as the ambiguity of implementation, prevent individuals and companies from putting it into effect. Employers fear that application of the regulation will increase the burden on them to monitor the work of employees. Some have also expressed reluctance to modify the internal rules of the organization in line with the flexible work system.<sup>49</sup> Finally, the Regulation currently does not allow everyone to benefit from flexible working.

### Recommendations

*- Verify the procedures and benefits of the regulation*

The Ministry of Labor should conduct a study on the application of the Flexible Work Regulation with companies and institutions, in order to discuss the social and economic benefits, to improve the limited understanding of the regulation, and to overcome some of its obstacles, such as the ambiguity of implementation. This can also help determine the kind of incentives that can be offered to institutions and individuals who could benefit from flexibility. Moreover, the Ministry of Labor should measure the effectiveness of the flexible work scheme, especially regarding youth economic participation.

The Ministry must conduct a review of the regulation in different fields and sectors. It should involve unions to identify which sectors are appropriate for flexible work contracts and give organizations sufficient time to verify their procedures. It should also support organizations in modifying their internal rules to fall in line with flexible working.

The Ministry should review the complaints and experiences of workers who have converted their contracts during the past year to ensure that the regulation secures decent jobs for individuals and supports labor-stimulating environments.

49 "Survey towards a flexible and fair work system: legal review of flexible work," Friedrich Ebert and the Center of Al-Karak Castle Consulting and Training, 2017 <[https://www.fes-jordan.org/fileadmin/user\\_upload/general/Jordan\\_Topics/Final\\_Report\\_Arabic.pdf](https://www.fes-jordan.org/fileadmin/user_upload/general/Jordan_Topics/Final_Report_Arabic.pdf)> (accessed July 8, 2019); Adecco group, "Flexible Working"; "The reality of the application of flexible work in Jordan, Ministry of Labor.

*- Promote the new flexible regulation*

The Ministry of Labor, the National Committee for Flexible Work,<sup>50</sup> and social security institutions have the responsibility to promote the regulation through programs, sessions, and media platforms, as well as by disseminating it among companies and unions. This will allow organizations to recognize the benefits of the regulation.

*- Make legislative changes in the legal texts*

Legal committees in the Jordanian parliament should be encouraged to work in partnership with the Ministry of Labor and the National Committee for Flexible Work to examine the following points to further enhance existing legislation:

- legal texts should leave enough space for all employers to agree on flexible labor contracts and numbers based on their own needs and working conditions. For example, a technology company may be successful by employing ten workers on flexible contracts, without the need for workers with non-flexible employment contracts;
- replace the condition of three years' prior employment with expiry
- of the probation period; and
- amend the categories to include all workers without exception by deleting the passage in the current regulation which limits its application to "workers who have been employed by the employer for three consecutive years and the workers with family responsibilities are pregnant women or workers who take care of a child or care for a family member or older person due to disability or illness, regular university workers, and workers with disabilities."

who can support their engagement and activism, thus providing an arena to build solidarity around youth issues across Jordan. She holds a BSc in Surveying and Geomatics Engineering from Al-Balqa Applied University in Jordan.

**Bara'ah Batainah** works as a Youth Hub coordinator at the Liwan youth space in Amman, which aims to provide opportunities for youth and volunteers to connect them with other stakeholders

50 - Headed by the Minister of Labor and membership representatives of the Ministry of Planning and International Cooperation, the Ministry of Public Sector Development, the Ministry of Industry, Trade and Supply, the Legislation and Opinion Bureau, the Civil Service Bureau, the Higher Council for Population, the Social Security Corporation, the Jordan Industrial Cities Company, the Jordanian National Committee for Women and a member of the Jordan Chamber of Industry, the General Federation of Trade Unions, and Jordan and the Friendship Foundation.



## YOUTH INCLUSION

### REVISITING PILLAR 4 – A YOUNG AND EQUAL CITY OF THE AMMAN RESILIENCE STRATEGY THROUGH THE LENS OF PARTICIPATORY AND INCLUSIVE APPROACHES

Rana Aytug

*The Amman Resilience Strategy serves as a roadmap for the city to attain resilience in the face of physical, social, and economic challenges. It presents five pillars and corresponding goals and actions. Pillar 4 of the Amman Resilience Strategy focuses on Amman as a young and equal city and it sets out to integrate and engage young people equally and to support youth through cultural campaigns. While this pillar acknowledges Amman's diverse identity and its large youth population, there appears to be a shortfall in conveying how the Greater Amman Municipality (GAM) aims to implement its goals through actions that are genuinely bottom-up and participatory, and inclusive of Amman's diverse community, including its marginalized, refugee, and displaced populations. As GAM carries forward implementing Pillar 4 of the Amman Resilience Strategy, it should consider mobilizing Amman's diverse youth community and establishing clear links between youth and institutions through building trust, transparency, and accountability. Three action points are proposed: support a diverse, inclusive, and accountable youth council; amplify potential impact of campaigns; and utilize public spaces.*

Jordan has historically served as a regional migration crossroad. Its last population census recorded a population of 9,531,712, of whom 2,918,125 (31 percent) are foreign nationals<sup>1</sup> (Syrians 1.3 million; Egyptians 0.6 million; Palestinians 0.6 million; Iraqis 130,000; Yemenis 31,163; Libyans 22,700; and 197,385 from

other nationalities).<sup>2</sup> As of September 2016, Jordan has hosted more than 2.7 million refugees and has the highest refugee-to-population ratio.<sup>3</sup> Its capital city Amman is home to around four million residents (more than 42 percent of the country's total population), encompassing citizens from all over the country, producing a population that is diverse in terms of economic, social, and legal status, ethnicity, and religion.<sup>4</sup> The Development Centre of the Organization for Economic Co-operation and Development reports that Jordan is a very youthful country with close to 70 percent of the population being under the age of thirty.<sup>5</sup>

The multitude of opportunities youth in their communities present towards building socially inclusive, resilient, and peaceful communities has received increasing attention at the international, national, and local level. Among the UN's Sustainable Development Goals (SDGs) are the aims to "make cities inclusive, safe, resilient, and sustainable" and to "substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion."<sup>6</sup> In order to support inclusive approaches, Jordan proposed and adopted UN Resolution 2250, which stresses "the importance of creating policies for youth that would positively contribute to peacebuilding efforts, including social and economic development, supporting projects designed to grow local economies, and provide youth employment opportunities and vocational training, fostering their education, and promoting youth entrepreneurship and constructive political engagement."<sup>7</sup> Attention to the role of cities and integrating diversity-based and youth-inclusive approaches are integral to building resilience in cities. The Jordanian government recognizes the importance of developing its young population in its National Vision and Strategy Jordan 2025 and through the on-going discussions on a National Youth Strategy.<sup>8</sup> Given its successful implementation, the Amman Resilience Strategy (ARS) provides a platform that can contribute to implementing overlapping international, national and local goals such as those presented in

1 F. De Bel-Air, "Migration Profile: Jordan," EUI Migration Policy Centre, November 2016, p. i <[http://cadmus.eui.eu/bitstream/handle/1814/44065/MPC\\_PB\\_201606.pdf?sequence=1](http://cadmus.eui.eu/bitstream/handle/1814/44065/MPC_PB_201606.pdf?sequence=1)> (accessed July 4, 2019).

2 Ibid., p. 4.

3 Ibid., p. i.

4 K. Górak-Sosnowska, Studies on Youth Policies in the Mediterranean Partner Countries Jordan, EuroMed Youth III Programme, 2009, p. 11 <[http://www.youthpolicy.org/national/Jordan\\_2009\\_Youth\\_Policy\\_Study.pdf](http://www.youthpolicy.org/national/Jordan_2009_Youth_Policy_Study.pdf)> (accessed July 4, 2019).

5 "Youth Well-Being: Policy Review of Jordan," EU-OECD Youth Inclusion Project, Paris, 2018 <<http://www.oecd.org/countries/jordan/jordan-youth.htm>> (accessed July 4, 2019).

6 "Transforming our world: the 2030 Agenda for Sustainable Development," United Nations, 2014 <<https://sustainabledevelopment.un.org/post2015/transformingourworld>> (accessed July 4, 2019).

7 "Security Council, Unanimously Adopting Resolution 2250 (2015), Urges Member States to Increase Representation of Youth in Decision-Making at All Levels," UN Security Council, December 9, 2015 <<http://www.un.org/press/en/2015/sc12149.doc.htm>> (accessed July 4, 2019).

8 Ibid.

the SDGs, UN Resolution 2250, National Vision and Strategy Jordan 2025, and National Youth Strategy.

Pioneered by the Rockefeller Foundation, 100 Resilient Cities (100RC) was set up to support cities in becoming more resilient to the physical, social, and economic challenges they face.<sup>9</sup> Urban resilience is defined by 100RC as “the capacity of individuals, communities, institutions, businesses, and systems within a city to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience.”<sup>10</sup> In December 2014, Amman was selected to join the 100RC network, and received technical support and resources from 100RC to develop and implement its City Resilience Strategy as well as to create a new Chief Resilience Officer position.<sup>11</sup>

Following six years of operation, in April 2019 the Rockefeller Foundation announced that it would transition the work of 100RC into different pathways.<sup>12</sup> While the first phase of 100RC has come to an end as of August 2019, practitioners were encouraged to consider three areas of focus: implementation, institutionalization, and measurement.<sup>13</sup> 100RC could be seen as a launchpad and now it is up to participating cities to independently carry through, allocate other resources, and implement their actions.

#### Pillar 4 of the Amman Resilience Strategy

Pillar 4 of the ARS focuses on Amman as a Young and Equal City and sets out to integrate and engage young people equally, and support youth through cultural campaigns.<sup>14</sup> The first goal “aims to build an inclusive and empowered youth community who are engaged in key city issues, and involved in decision-making and governance to create the leaders of tomorrow.”<sup>15</sup> The second goal aims to “capitalize on our youth’s potential and ensure young people have the opportunities they need to learn, work together and build a strong, resilient future city,” and “focuses on youth empowerment, awareness and cross-sector networking.”<sup>16</sup> While Pillar 4 of the ARS clearly acknowledges Amman’s diverse identity and large youth population in theory, it is not clear how GAM

aims to implement its goals through actions that are genuinely bottom-up and participatory, and inclusive of Amman’s diverse community, including its marginalized, refugee, and displaced populations.

Best practices support youth being involved in organizational decision-making processes, from planning to implementation and evaluation. Pillar 4 of the ARS needs to place a greater emphasis on inclusion of Amman’s diverse youth demographic. For example, the action to form a youth council does not refer to the structure, flow of information, or key task(s) of this council. In line with this, Pillar 4 places an emphasis on supporting cultural, future city trends and preventing youth extremism campaigns, however, it is not clear how these topics are chosen and whether they form a part of a wider platform. When campaigns are planned, the target, tactics, and strategy of the campaign need to be decided democratically by the Youth Council. Furthermore, campaigns are one tool to increase awareness around the importance of engaging young people. However, they need to form a part of a wider platform of an outreach plan that includes sustainable projects, workshops and trainings, exchange programs, and cross-cultural visits that feed back to build and maintain active citizenship.

#### Recommendations

Pillar 4 of the ARS should place greater emphasis on including Amman’s diverse youth demographic. Youth should be more actively involved to help strengthen their sense of social accountability towards their city. This would grant them the necessary platform to develop their skills and resources to contribute to shaping the city they want.

The ARS benefits from exercising youth-inclusive approaches through opening up the decision-making process and providing young people with the tools and resources needed to meaningfully engage with the issues that affect them. While youth-inclusive approaches counter youth disengagement, the risk of disillusionment remains high. GAM is responsible

9 “Amman Resilience Strategy,” (n.d.), p. 20 <<https://www.100resilientcities.org/wp-content/uploads/2017/07/Resilience-Strategy-Amman-English.pdf>> (accessed July 4, 2019).

10 “What Is Urban Resilience?,” (n.d.) <<http://100resilientcities.org/resources/>> (accessed July 4, 2019).

11 “Amman Resilience Strategy,” p. 20.

12 M. Berkowitz, “An Update from 100 Resilient Cities,” 100 Resilient Cities, April 1, 2019 <<https://www.100resilientcities.org/update-from-100rc/>> (accessed August 7, 2019).

13 M. Berkowitz, “A Closing Note from Michael Berkowitz, President of 100 Resilient Cities,” 100 Resilient Cities, July 31, 2019 <<https://www.100resilientcities.org/update-from-100rc/>> (accessed August 7, 2019).

14 Ibid., p. 93.

15 Ibid., p. 94.

16 Ibid., p. 98.

not only for offering the rhetoric of participation, but also for ensuring that it effectively and consistently acts to implement the ARS. For this reason, it is crucial that GAM reinforces the importance of youth inclusion and participation in its ARS and is explicit with regards to how their involvement is vital to its successful implementation. Participation should be an integrated and guiding principle in every aspect of implementation.

*- Mobilize Amman's diverse youth community*

Full participation of young people requires moving from acknowledging their diversity to presenting platforms that encourage youth mobilization, particularly marginalized, refugee, and displaced populations. Disadvantaged and marginalized youth often need to be further encouraged to become actively engaged. Any evaluation of GAM's youth participation and involvement in decision-making mechanisms needs to address the barriers in place to young people's involvement. These often include issues surrounding geographical barriers, unbalanced power relations, mistrust, socio-economic exclusion, and prejudices at various levels, both between young people and the authorities and also within youth groups. Logistics should be examined in terms of their influence on youth participation. For example, meetings should consider timing and transportation possibilities to ensure wide participation. Similarly, outreach platforms calling for participation should be diversified between online and offline sources to reach a wider audience. Opportunities should be provided for capacity-building and engagement in formal structures, such as youth councils, as well as informal structures including short-term activities and projects. These structures help build links with excluded young people and raise their awareness of GAM's activities, which could lead to sustained participation in the future.

*- Establish clear links between youth and institutions through building trust, transparency, and accountability*

Trust in government entities is a cornerstone in the effective implementation of the values and aspirations to be a youthful and equal city. Building trust, transparency, and accountability is crucial for supporting and encouraging young people to take and maintain an active role in their communities. Young people are motivated to participate when their needs and interests are acknowledged and met. Maintaining engagement over the long-term is important and it is

therefore essential that feedback mechanisms are in place to offer young people a thorough understanding of the process involved. The reception and processing of ideas, issues, or recommendations raised by young people should be transparent and accountable. Youth participation needs to be integrated into GAM's working culture through accountability mechanisms. One way to achieve this is by establishing clear links between youth and institutions, for example by enabling the youth council to raise issues to the city council agenda, and requiring the city council to formally respond.

*- Support a diverse, inclusive, and accountable youth council*

A youth council should be formed (for those aged 14-35) that extends from the existing Children's Municipal Council at GAM, with inclusive representation of age variation, gender, ethnicity, and religious diversity; migrant youth should also be included. A chief youth resilient officer should be appointed to serve as a link between the chief resilient officer and their team, and the Youth Council. This person would ideally be appointed by GAM and accountable to the mayor. This would help ensure that the voices, demands, and aspirations of youth are equally important to other bodies under the GAM umbrella and that youth take an active part in the design and delivery of community-based policies, projects, and services related to the ARS and beyond. Short- and long-term projects and activities should be provided to ensure inclusion of youth willing to commit at varying levels.

*- Amplify potential impact of campaigns*

Pillar 4 emphasizes cultural, future city trends and the prevention of youth extremism. GAM should ensure clarity on how these topics were chosen or whether they form part of a wider, sustainable platform. When campaigns are planned, the target, tactics, and strategy should be decided democratically by the Youth Council. This will help ensure that young people take ownership and responsibility for the issues that concern them. Community awareness of outreach campaigns can be supported by online programs (including existing social media platforms and websites) and offline activities, such as festivals, exhibitions, and public hearings. Campaigns should form a part of a wider outreach platform that includes sustainable projects, workshops and trainings, and exchange programs centered around the value of civic responsibility.



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- Utilize *public spaces*

Public spaces, particularly in diverse environments such as Amman, are both the sites of social conflicts and also the places where encounters, exchange, and integration can happen. Subsequently, youth involvement and engagement in the urban context can enable social inclusion and cohesion. Public spaces across the city should be utilized as sites to develop programs and informal/formal initiatives including cultural, social, and sports-related initiatives. Programs should be promoted to capitalize on cultural exchange, and encourage interaction and engagement between diverse communities. For example, educational/skill development programs, taking place across diverse geographical locations and taught by migrant and host community members, can help encourage cultural exchange and the collaborative opportunities that contribute to building integration and social inclusion. When such projects are implemented, they should be documented online and offline, and this documentation should be publicly accessible and prompt and encourage discussion. This would help raise awareness surrounding ongoing efforts and encourage future involvement and the exchange of constructive feedback loops.

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## YOUTH SERVICES SUSTAINABILITY IN THE ZAAATARI REFUGEE CAMP

Bothaina Qamar

*The eighth year of the Syrian crisis has witnessed a shift from a humanitarian emergency response to a protracted crisis response. As a result, radical adjustments were made to humanitarian funding allocated to support program interventions and youth services in the Zaatari refugee camp in northern Jordan. This funding cut placed the quality of services provided at risk, while programs themselves began to close down, without proper planning or consideration for their safe closure. The absence of youth services can impact negatively at the micro level (on youth and their communities), and can eventually cause a potential risk at the national level. To address this issue, the humanitarian development nexus approach should be used to build on the efforts of humanitarian responses and best practices from the past nine years in youth services in the Zaatari camp. This would engage multiple stakeholders through strengthening national grassroots involvement in youth services at the camp, adopting innovative approaches for funding streams and partnership models, and investing in Jordanian and Syrian youth leadership capacities.*

Jordan is a middle-income country, ranked 80 out of 188 countries.<sup>17</sup> Its population is almost 10 million, of whom 52.2 percent are aged under 25. A shift in the population age structure is leading to a demographic dividend,<sup>18</sup> which is projected to peak by 2040 due to a reduction in the total fertility rate, late marriage, and the use of contraception. Realization of this projection, however, is only possible if demographic changes match economic opportunities for youth. While significant progress has been made on education and health, other areas lag behind, including poverty reduction, employment, gender parity, and the environment.<sup>19</sup> This is largely due to exogenous factors including global financial recession, regional instability, and the influx of refugees.

Jordan has accepted refugees from successive conflicts, evidenced by a non-Jordanian population of 3 million including refugees and immigrants. From 2011 on, the Syrian crisis changed Jordanian population dynamics and investments. Currently, Jordan hosts 1.3 million Syrians, of whom around 762,420 are UNHCR registered.<sup>20</sup> According to the United Nations Population Fund (UNFPA),<sup>21</sup> the large number of refugees is putting pressure on public services and systems. In parallel, the needs of vulnerable Jordanian citizens have grown rapidly, with increased competition for resources, straining the national government's ability to meet the needs of its citizens. The 2015 Vulnerability Assessment Framework (VAF)<sup>22</sup> found that 86 percent of refugees are now living below the Jordanian poverty line of 68 Jordanian Dinars per capita per month.

The Jordan demographic dividend is not only influenced by Jordanian youth. Children make up over half of all Syrian refugees in the country, with 322,395 registered Syrian refugees under the age of 18. Youth (defined by the UN as those aged 15-24) Syrian refugees total 128,181 in urban and camps settings.<sup>23</sup> The ongoing conflict has had deep implications for the lives of children and youth. In the light of this, several UN agencies as well as international and national NGOs, with the support of Jordanian government, have been working to provide vital services that aim to minimize the negative impact of forced displacement on families and their children. These services include the provision of formal and informal educational programs, health services, water delivery, sanitation and hygiene promotion, livelihood protection programs, specialized case management for gender-based violence and child protection programs for children with disabilities, and psychosocial support through child, youth, and adolescent friendly spaces, in addition to resilience building programming.

These services target refugees in the three formal camps and in various host communities. The Zaatari camp serves as a valuable case study for two main reasons. First, youth services in Zaatari present a positive best practice that should be accompanied

17 "Human Development Report 2015," UNDP <[http://hdr.undp.org/sites/default/files/2015\\_human\\_development\\_report.pdf](http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf)> (accessed July 29, 2019).

18 The United Nations Population Fund (UNFPA) defines demographic dividend as "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older)." "Demographic Dividend," United Nations Population Fund <<https://www.unfpa.org/demographic-dividend>> (accessed July 29, 2019).

19 "Jordan MDG Report 2015," internal UN document.

20 UNHCR Jordan Fact Sheet, 2019 <[http://reporting.unhcr.org/sites/default/files/UNHCR\\_percent20Jordan\\_percent20Fact\\_percent20Sheet\\_percent20percent20February\\_percent202019.pdf](http://reporting.unhcr.org/sites/default/files/UNHCR_percent20Jordan_percent20Fact_percent20Sheet_percent20percent20February_percent202019.pdf)> (accessed July 12, 2019).

21 "Country program document 2017," internal UNFPA document.

22 "Jordan 2015 Vulnerability Assessment Framework (VAF)," <<http://www.coordinationtoolkit.org/?p=1748>> (accessed July 12, 2019).

23 Figures from UNHCR Operations Portal, 2019 <<https://data2.unhcr.org/en/situations/syria/location/36>> (accessed July 29, 2019).

with a strategic exit strategy that utilizes previous years' efforts and achievements, and builds on lessons learnt and challenges. Second, the existence of the Youth Task Force under the Zaatari management structure, formed in 2014 to coordinate youth services in Zaatari and their work, includes annual updates and coordination for youth services in the camp. Access to such information on youth services contributes to this paper as a model for youth services in other camp contexts.

### The Zaatari Camp and Youth

The Zaatari refugee camp, situated in the northern governorate of Al Mafraq, remains the largest refugee camp in Jordan with a population of more than 75,285 people.<sup>24</sup> According to UNHCR, 19.6 percent of the population in Zaatari is aged between 15 and 24<sup>25</sup> and according to REACH (2015), the vast majority of those aged 16-24 in Zaatari camp is currently unemployed (92.4 percent).<sup>26</sup> Furthermore, 83.2 percent of youth aged 19-24 have not completed either high school or university. This displays the harsh reality experienced by a large segment of the refugee population who are left to deal with the lack of opportunities.

The humanitarian response in Zaatari was remarkable in terms of the quality, quantity, and innovation of youth services due to the stable and confined environment, as well as donor interest. Several youth services and projects were implemented as a response to the lack of educational services, jobs, and general opportunities for Syrian youth. A mapping exercise of services and projects for youth in Zaatari identified 53 centers, which makes Zaatari over-served compared to surrounding poor and vulnerable villages.<sup>27</sup> Youth services are specifically designed to support young people and their families to meet particular needs, and are often run from youth or community centers, schools, local councils, places of worship, or migrant and refugee Resource Centers.<sup>28</sup> Based on UNHCR 2017 data, it is estimated that more than 300 youth-focused activities are provided in Zaatari including sports, non-formal education, and life-skills capacity training with a special focus on child labor and child marriage.<sup>29</sup> Other activities include

youth committee awareness sessions, information technology, recreational activities, and vocational trainings.

## The current phase of the humanitarian program cycle is ending

### Changes in Funding Patterns for Zaatari Camp Youth Services

The latest couple of years have witnessed a shift in the narrative concerning the Syrian crisis response: budget cuts are pushed and projects have been scaled down, indicating the end of this phase of the humanitarian program cycle. The Jordan Response Plan (JRP) to the Syria Crisis 2019-2020 was announced as Jordan's response. The development of the JRP into a resilience plan is still under discussion with the government. While this natural development was expected, sustainability strategies are not clear when it comes to refugee services. Since the reopening of the border crossing at Jaber in October 2018, more Syrian refugees have started their journey back to Syria, totaling over 12,000 at the end of February 2019.<sup>30</sup> While a notable increase, this constitutes only 2 percent of the Syrian refugees registered in Jordan, and many will stay in Jordan for a longer period of time, resulting in the need for support and access to services.

All youth services provided in Zaatari are addressed in the JRP under multiple sectors including protection, livelihood, and education. However, Jordan response actors have only received 38.4 percent of the aid required to finance the JRP for 2018. According to the JRP's website, some \$954 million was deliv-

24 UNHCR Registration Data and 3RP-Monitor, 2019 <<https://data2.unhcr.org/en/situations/syria/location/53>> (accessed July 12, 2019).

25 Ibid.

26 "Comprehensive Child Focused Assessment – Za'atari Refugee Camp," REACH, June 2015 <<https://reliefweb.int/sites/reliefweb.int/files/resources/Comprehensive%20child%20focused%20assessment%20Zaatari%20refugee%20camp.pdf>> (accessed July 29, 2019).

27 Youth Task Force presentations, unpublished, 2017.

28 "Transforming Youth Work," UK Department for Education and Skills, 2001 <<https://www.cyc-net.org/pdf/youthservice.pdf>> (accessed July 12, 2019).

29 "Initial findings of youth activities baseline assessment," UNHCR, unpublished, 2017.

30 Stefano Severe, "Support essential to Syrian refugees' voluntary return," The Jordan Times, March 10, 2019 <<http://www.jordantimes.com/opinion/stefano-severe/support-essential-syrian-refugees-percentE2percent80percent99-voluntary-return>> (accessed July 12, 2019).

ered out of the total slightly exceeding \$2.5 billion for that year.<sup>31</sup>

Financial cuts by the donor community have impacted youth services in Zaatari. The number of centers providing youth services dropped from 53 in 2017 to 37 in 2019. In the past year, the Youth Task Force (YTF) witnessed the impact of budget cuts on many active organizations, which ended up either scaling down services or shutting down centers. For example, UNFPA reduced the budget for the Questscope/UNFPA Youth Center by 25 percent in 2019 compared to the previous year. The Fundacion Promocion Social de la Cultura (FPSC), which worked with youth with disabilities around theater and empowerment, have left the camp and stopped their programming due to funding cuts. Other YTF members have unofficially reported budget cuts affecting their services. Gradual exit strategies and integration into public services are not yet clear or concrete.

## NGOs play a major role in complementing government programs

### Implications of Scaling Down Youth Services

Decreasing the support for youth services can have serious implications for refugee youth, their surrounding communities, as well as at the national level. The youth sector can provide an important support system for young people experiencing transitions by facilitating their social inclusion, participation, and personal development, assisting with language and communication skills, teaching active engagement, and assisting with their emotional and psycho-cultural development and well-being. Youth services can further ensure they are properly referred to specialized case management services when they face violence and abuse. Youth services have touched many Syrian refugee youth lives. Noor, a 17-year-old female

Syrian refugee living in the Zaatari camp, said “I discovered my talents in the youth center by engaging in many activities. Please do not deprive us of them.”<sup>32</sup>

Marginalization and disengagement among youth can have a negative impact on communities. If youth services are to be stripped from the program, young people will have nowhere to turn, and there will be no-one qualified or trained to support them in the issues that they are experiencing.<sup>33</sup> This will lead to more anti-social behavior, depression, and poor mental health among youth. Parents also need to know that their children are safe and not the victims of risky behaviors such as using drugs or being bullied. Youth centers are safe spaces where youth who are confined in one place are able to hang out, receive support, and seek out advice or mentoring as they see fit.<sup>34</sup>

### Government and Community Engagement in Humanitarian Response and Youth Services Provision

Recognizing the threat to stability and development posed by the rise of the radicalization of young people, the UN Security Council urges states under Resolution 2250 (2015)<sup>35</sup> to consider ways to create a meaningful voice for the youth in decision-making at the local, national, regional, and international levels. Jordan recognizes the importance behind meaningful engagement with youth at different levels.

The National Youth Empowerment Strategy led by the Ministry of Youth (MOY) is a comprehensive seven-pillar strategy, providing a road map responding to youth challenges in Jordan. The strategy refers to targeting disadvantaged young people, which includes refugees, to achieve national development and security. Additionally, the MoY is the umbrella for the National Coalition on Youth Peace and Security 2250 in Jordan, whose vision is to play an effective role in building and amplifying the momentum generated by Jordan’s past and present leadership in actualizing the 2250 agenda.

Royal and national NGOs play a major role in complementing government programs, providing youth with services, and organizing diverse youth activ-

31 “Only 38 percent of aid required for Jordan Response Plan received this year,” The Jordan Times, December 31, 2018 <<http://www.jordantimes.com/news/local/only-38-aid-required-jordan-response-plan-received-year>> (accessed July 12, 2019).

32 Interview with the author, conducted in March 2019 via UNFPA and Questscope, where young people were requested to share messages for donors on the budget cuts.

33 “A future at risk. Cuts in youth services,” UNISON, 2016 <<https://www.unison.org.uk/content/uploads/2016/08/23996.pdf>> (accessed July 12, 2019).

34 Ibid.

35 Resolution 2250 (2015), UN Security Council, December 9, 2015 <[https://undocs.org/S/RES/2250\(2015\)](https://undocs.org/S/RES/2250(2015))> (accessed July 29, 2019).

ities across the country. Religious and charitable organizations also provide support to Jordan's most vulnerable youth groups. They are generally community-based and active at the local level, and most run local youth centers and organize extracurricular activities.<sup>36</sup> Most of these organizations do not have a presence in Zaatari due to the high presence of international humanitarian organizations.

The MoY is the government entity responsible for youth development and policies. Its role is to foster youth development and promote youth participation in national development processes. Yet the MoY does not have an active presence in refugee camps, which is due to the government position of not engaging the MoY in camp services. However, the current changes in humanitarian responses pose a question on the sustainability of provided services, the normative and advisory role of the MoY on youth services, and the role the international community plays in supporting the national NGOs, local community based organizations (CBOs), and government in ensuring quality services for youth living in Jordan.

Several countries hosting refugees have worked on providing positive examples in supporting youth services. Most of the examples tackle host communities or operate at the policy or strategy level. Examples include the Council of Europe Action Plan on protecting refugee and migrant children (2017-2019),<sup>37</sup> adopted by the Council of Ministers, and the 2015-2016 Erasmus+ inclusion and diversity strategy focused on disadvantaged youth, and the integration of migrants and refugees. Similarly, the EU Work Plan for Youth 2016-2018 focuses on the need for stronger cross-sectoral cooperation to address the challenges raised by increasing numbers of asylum seekers and their participation and social inclusion. In Malta, youth workers are encouraged through the new youth policy (2015-2020) to create social cohesion and the participation of asylum seekers aged 13-30, and to better integrate them into the activities of NGOs and community life.<sup>38</sup> One example of government action comes from Greece, where the state is beginning to take over the management and financing of aspects of the reception and integration

system.<sup>39</sup> Because of this, many international NGOs that came to assist with the humanitarian emergency are now downsizing or preparing to exit the country entirely.

However, no concrete examples that document sustainability for youth services in a refugee camp context are available. If given the chance, Jordan can be the first to develop a framework that will not only sustain services for refugees impacted in their own country, but also a framework that can be implemented in various contexts.

### Recommendations

Like other vital public services, youth services should be as equally supported and diverse as the young people in Jordanian society. Stakeholders and decision-makers should build on the efforts of humanitarian responses from the past nine years, and to strategically plan holistic youth service provisions that engage multiple stakeholders in ensuring sustained youth services that can serve also social cohesion.

*- Strengthen national grassroots involvement for youth services in the camp*

International humanitarian actors and donors are encouraged to support active implementation of the humanitarian-development nexus approach<sup>40</sup> by engaging with more local organizations and actors, as well as the Jordanian Ministry of Planning and International Cooperation and the UNHCR, to facilitate national specialized youth NGOs presence in Zaatari. This can help support the transition process technically and financially, and utilize national capacities in youth service provision. Similar interventions have recently been initiated by UNHCR for general services in the camp, in collaboration with the Crown Prince Foundation, Queen Rania Foundation, and Ruwad Al Tanmya. This transitional process will require international support in terms of funding and technical expertise for national counterparts. This is particularly needed in terms of working with refugee

36 "Youth Well-being Policy Review of Jordan," OECD Development Centre, EU-OECD Youth Inclusion Project, Paris, 2018.

37 Lana Pasic, "Young Refugees' Transition to Adulthood Literature. Review and Policy Brief," Youth Partnership between the European Commission and the Council of Europe, 2018 <<https://pjp-eu.coe.int/documents/1017981/9488616/Refugees+transition+to+adulthood.pdf/9a064fa1-ee97-be3f-84fd-5a27d85e15a6>> (accessed July 12, 2019).

38 Ibid.

39 "Transition to a government-run refugee and migrant response in Greece," Joint Agency Briefing Paper, December 2017 <<https://drc.ngo/media/4154531/joint-ngo-roadmap-12122017.pdf>> (accessed July 12, 2019).

40 According to the OCHA, strengthening the humanitarian-development nexus was identified by the majority of stakeholders as a top priority at the World Humanitarian Summit. "Humanitarian and Development Nexus in Protracted Emergencies," UNDP, 2016 <<http://www.europe.undp.org/content/geneva/en/home/partnerships/humanitarian-and-development-nexus-in-protracted-emergencies.html>> (accessed July 12, 2019).



populations to better understand their vulnerability and legal context.

The process of national transition and building integration of public services should start from a grass-roots level. The Youth Task Force and camp management should facilitate discussion around the transition process, and assess national organizations' willingness, challenges, and capacities in engaging in the humanitarian response and youth services provision. Decentralization law provides an outlet to engage with the local community and decision makers in Mafraq, and create a channel with Syrian refugees. This process should be informed by clear assessments conducted by the Youth Task Force in the Zaatari camp that describe the youth services scene, and identify existing models that should be sustained as well as duplicate services that can be merged. UNHCR is leading a community mapping assessment for community-based organizations in the Mafraq area; the findings could help in identifying local service providers for transition activities.

The MoY can engage in an advisory role as the official umbrella for youth work in Jordan, setting the normative standards in this area. The Greek example provides a model in which the government transitions to humanitarian services, and adoption of this could be explored further by the Jordanian government. In order to promote social cohesion and successful integration, Jordan could follow the Greek government, which is working on engaging all stakeholders, including relevant ministries, mayors, municipalities, civil society, host community groups, and representatives of the asylum-seeking and refugee communities in the design of a strategic social inclusion/integration plan, and in the planning and implementation of integration measures.

*- Adopt innovative approaches for funding streams and partnership models*

Innovative approaches in utilizing pool funding under future national resilience plans should be utilized. Joint projects and programs could decrease operational costs and enhance efficiency. This can entail the merging of more than one service and the provision of "One-stop shops" in several physical locations that provide holistic services for youth, instead of scattered interventions. One example is the "Mobile Youth Centers" that are sensitive to young girls' accessibility constraints, and reach out to neglected geographical areas in the camp. Such merges can lead to the reduction of management expenses and

operational costs carried by different organizations, and ensure continued service provision.

Another dimension is engaging with the private sector and philanthropists who are interested in supporting youth programming, not only as sources of funding, but also as partners engaged in joint programming. Many companies and organizations are already supporting youth focus programming such as Zain, Orange, Abdul Hameed Shoman Foundation, and many others. For example, Zain is supporting ZINC labs all over Jordan promoting youth innovation and social and business enterprise. International organizations should support local capacities to mobilize new sources of funding, and build partnerships with private sector organizations engaged in youth work and youth services.

*- Invest in Jordanian and Syrian youth leadership capacities*

The current legal framework limits and restricts Syrian refugees from forming civil society organizations. However, cooperatives can be founded among Syrians in collaboration with Jordanian counterparts. Humanitarian actors should mobilize advocacy efforts to discuss alternatives with the Ministry of Social Development and MoY for Syrian leadership within the camp, granting them more agency to create sustainable solutions for youth services.

The process should be inclusive for both Syrian refugee youth in the camp and Jordanian youth in surrounding areas. Both Jordanian and Syrian youth carry strong sets of skills and assets. Programs and interventions built on an assets-based approach and skills exchange will not only translate into productivity, but also enhance social cohesion and building strong communities. Many youth services in Zaatari have relied on local Syrian capacities throughout the years. Youth workers from the Syrian refugee community in Zaatari have been trained to provide high-quality services. Examples include handling management processes in centers and services such as the Norwegian Refugee Council, International Relief and Development, and Questscope. Similarly, many Jordanian youth are engaged in the humanitarian response, youth work, and activism, in addition to their legal access to many opportunities and services.

Working together with Jordanian and Syrian youth towards creating sustainable structures should adopt comprehensive capacity building on proposal writing, fundraising and resource mobilization, project



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management, and so on. Income-generating modalities from within the camp could be one supporting stream for service provision. Although the camp is currently closed with movement restrictions for both Jordanians and Syrians, it is paramount to work toward a pioneer model in service provision for all Syrian youth in Zaatari, and Jordanians in the surrounding areas. The vision is to increase the platforms of engagement between Jordanians and Syrians, and provide opportunities and services for vulnerable youth from different backgrounds.

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# Chapter II: International Cooperation

## THE EU AND ITS MEMBER STATES

### AVOIDING THE NIGHTMARE OF JORDAN'S DESTABILIZATION – A HOLISTIC APPROACH FOR EU INSTITUTIONS AND MEMBER STATES TO SUPPORT A KEY ALLY IN THE MIDDLE EAST

Eugenio Dacrema

*Over the last year, Jordanian cities have witnessed a wave of street protests unprecedented in size since 2011. Discontent among the population has grown dramatically due to the steady deterioration of the economy and several austerity measures introduced by the government to cope with a widening budget deficit. Such measures exacerbated the difficulties of the last two decades as the country tries to achieve a full transition from a semi-rentier economic model to a full-fledged market economy. Moreover, over the last year, discontent caused by socioeconomic issues has been coupled with increasing concerns over the Trump administration's intention to propose a resolution for the Israeli-Palestinian conflict that could damage some of Jordan's most essential interests and stability. Jordan is crucial for Europe's interests in the Eastern Mediterranean. The country has emerged as an island of stability in a very troubled region and as a reliable partner for the EU on numerous issues. Hence, it is of primary importance for the EU to take the necessary steps to avoid further destabilization in Jordan. The EU and its member states can intervene along three main lines to achieve this target: one focused on the short-term, aimed at supporting Jordan's stance vis-à-vis the Trump administration's plan for Israel and Palestine; and two medium-term strategies aimed at supporting Jordan's efforts to enhance the efficiency of its economy and labor market.*

In a region shackled by conflicts and tensions, Jordan has emerged as an island of stability and moderation. Over its recent history, the country has served as a unique interlocutor for most regional and interna-

tional actors, playing a positive role in the most crucial disputes and conflicts of the Levant. Jordan also constituted an example of successful political and economic reforms, providing a blueprint for other Middle East countries to follow. However, over the last decade, the path of reforms has slowed down while social discontent has grown dramatically due to mounting socioeconomic difficulties. In 2018 and 2019, numerous peaceful protests took place in several Jordanian cities while trust in the government and the monarchy has steadily decreased to historical lows.<sup>1</sup>

Today's popular discontent is rooted in the country's ongoing – but so far incomplete – transition from a semi-rentier economic model to a full-fledged market economy. Despite the many deep reforms introduced during the 1990s and 2000s, the transition has been slowed down by numerous regional and international crises. Coupled with a dramatic demographic increase, these factors have led to growing unemployment – especially among youth – and a steady worsening of the general population's living standards. In particular, the recent wave of protests started after the introduction of several measures aimed at reducing the budget deficit by cutting subsidies and social welfare, and augmenting fiscal pressure.<sup>2</sup> Moreover, beside these grave socioeconomic difficulties, over the next months, Jordan is likely to face further discontent caused by the Trump administration's plan to solve the Israeli-Palestinian conflict, the so-called “Deal of the Century.” Although the plan has not yet been officially presented, it is rumored to contain numerous measures highly damaging for Jordan's interests and internal economic and demographic stability.<sup>3</sup>

#### Jordan's Economic Deterioration and Short-Term Causes of the Protests

Since spring 2018, Jordan has witnessed several waves of street protests. Their frequency and size have been unprecedented since the demonstrations of 2011, when the “contagion effect” of the Arab Spring extended to Jordan and made several observers fear for the stability of the Hashemite monarchy.<sup>4</sup> Such protests were sparked by recent economic measures implemented by subsequent Jordanian governments,

1 “Jordan Poll Reveals Low Trust in Government; Increasing Economic Hardship,” International Republican Institute, November 2, 2018 <<https://www.iri.org/resource/jordan-poll-reveals-low-trust-government-increasing-economic-hardship>> (accessed July 8, 2019).

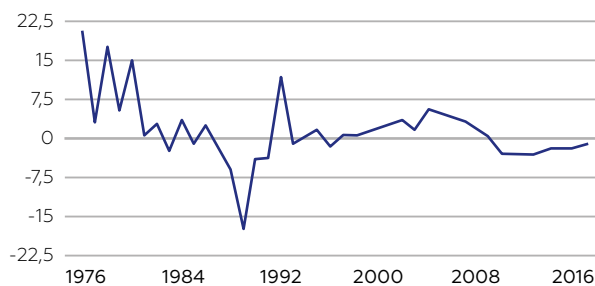
2 Hassan A. Barari, “The new wave of protests,” The Jordan Times, June 5, 2018 <<http://jordantimes.com/opinion/hassan-barari/new-wave-protests>> (accessed July 8, 2019).

3 Curtis Ryan, “Jordanians worry that the ‘deal of the century’ will come at their expense,” Washington Post, June 1, 2019 <[https://www.washingtonpost.com/politics/2019/06/01/jordanians-worry-that-deal-century-will-come-their-expense/?utm\\_term=.777665a68bac](https://www.washingtonpost.com/politics/2019/06/01/jordanians-worry-that-deal-century-will-come-their-expense/?utm_term=.777665a68bac)> (accessed July 8, 2019).

4 Ronen Yitzhak, “Between reform and Islam: The Arab spring in Jordan 2011–2014,” Democracy and Security 14:1 (2018), pp. 24–44.

but have their roots in the long-term deterioration of the country's economic model (see Graph 1 below).

**Figure 1: GDP per capita growth (annual%)**



Source: World Bank

The recent protests were sparked in spring 2018 by the introduction of a new income-tax that, according to the government, aimed to achieve the budgetary targets requested by the International Monetary Fund (IMF) and attached to a new loan to cover the country's significant fiscal deficit.<sup>5</sup> However, although the new income tax only impacts the upper-middle classes, the protests have attracted participants from all social strata, reflecting a mounting economic malaise caused by the steady deterioration of the country's overall economic conditions. This trend has been exacerbated over the last years by the introduction of subsequent measures aimed at enhancing fiscal pressure – through both direct and indirect taxes – and at cutting subsidies and public services.<sup>6</sup> In addition to street protests, harsh critiques against the government have also increased dramatically on social media even after physical protests and sit-ins ceased taking place.<sup>7</sup> Trust in the government has fallen to historical lows and many expect new, bigger waves of demonstrations in the next months.<sup>8</sup>

### Jordan's Unique Rentierism and its Long Decline

The current socio-economic malaise has its roots in both external and domestic factors that have impacted the country's ongoing transition from a semi-rentier system to a full-fledged market economy. Jordan initiated the transition in the 1990s after a protracted economic crisis caused by the end of the oil-boom years.<sup>9</sup> During the preceding two decades, Jordan had been one of the main recipients of economic aid from the Gulf's oil-rich monarchies, who were interested in supporting Jordan's stance against Israel and using the country as a territorial buffer between Israel and the Arabian Peninsula. During those years, the country used the significant inflows of petrodollars to build modern infrastructures and to develop an over-sized public sector which quickly became the economy's main employer. The small size of the country's economy and the massive amounts of aid flowing in during that period transformed Jordan into a unique sort of (semi-)rentier state: rent was not based on the trade of oil or gas but on foreign aid obtained due to the country's unique geographical and political position.<sup>10</sup>

However, when financial support from the Gulf came to an almost complete end in the late 1980s, Jordan's leadership was compelled to carry out a foreign policy U-turn and to sign a peace treaty with Israel in 1994. This move allowed Jordan to obtain new streams of financial support from the West, especially from the US. Moreover, the renewed close relationship with Western countries – and Western-sponsored international economic organizations such as the IMF and the World Bank – allowed the country to present itself as a safe recipient for international private investments, which were meant to stimulate the development of a competitive private sector able to balance the over-sized public one.<sup>11</sup>

Over the following years, the Jordanian government introduced several economic reforms aimed at spurring private sector expansion. Such efforts attained remarkable results until the mid-2000s. However, since the 2008 global financial crisis, a chain of inter-

5 Suleiman Al-Khalidi, "Jordan's parliament passes IMF-backed tax law to reduce public debt," Reuters, November 18, 2018 <<https://www.reuters.com/article/us-jordan-economy-tax/jordans-parliament-passes-imf-backed-tax-law-to-reduce-public-debt-idUSKCN1NN0IK>> (accessed July 8, 2019).

6 Suleiman Al-Khalidi, "Jordan ends bread subsidy, doubling some prices, to help state finances," Reuters, January 26, 2018 <<https://www.reuters.com/article/us-jordan-economy-subsidies-bread/jordan-ends-bread-subsidy-doubling-some-prices-to-help-state-finances-idUSKBN1FF2CP>> (accessed July 8, 2019).

7 Tom Perry and Suleiman Al-Khalidi, "Jordan faces wave of dissent as government's troubles mount," Business Insider, November 26, 2018 <<https://www.businessinsider.com/r-jordan-faces-wave-of-dissent-as-governments-troubles-mount-2018-11?IR=T>> (accessed July 8, 2019).

8 "Jordan Poll Reveals Low Trust in Government."

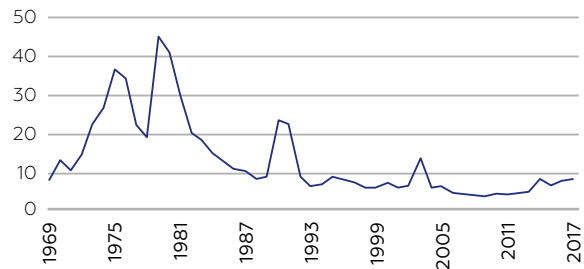
9 S. Greenwood, "Jordan's 'New Bargain': The Political Economy of Regime Security," *Middle East Journal* 57:2 (2003), pp. 248-268.

10 Laurie Brand, *Jordan's Inter-Arab Relations: The Political Economy of Alliance-Making* (New York, 1995).

11 Greenwood, "Jordan's 'New Bargain'."

national and regional predicaments has undermined the country's socioeconomic stability, leading to a slowdown of the reform process. In 2008, the global financial crisis led to a period of credit crunch for most developing economies, and the 2011 Arab Spring protests spurred investors' fears over the political stability of most Middle East regimes, including Jordan.<sup>12</sup> In subsequent years, the conflicts that erupted in Syria and Iraq led to massive inflows of refugees into Jordan – 650 thousand Syrian refugees are formally registered, and almost 1.2 million are actually living in the country according to national estimates that include the high numbers of non-registered Syrians present today on Jordanian territory.<sup>13</sup> The tourism sector suffered dramatically while basic assistance for refugees became a heavy burden on the country's budget and infrastructures. Furthermore, instability around Jordan's borders hindered international investments in the country and blocked the main land routes for trade. As a result, the state budget remained dependent on foreign aid to cover its deficit. The amount of aid directed into the country over the last decade – although augmenting in absolute terms – has been insufficient to compensate for the dramatic demographic increase witnessed by Jordanian society, the massive inflow of refugees, and the damage to the tourism and trade sectors produced by the instability in Syria and Iraq. This led the Jordanian government to ask the IMF once again for help and to increase significantly the fiscal pressure on the population – especially in the form of indirect taxes. This has reverberated on the purchasing power of average households while cuts in subsidies hit the income of the poorer strata particularly hard.

**Figure 2: Net official development assistance and official aid received as share of the GDP 1969-2017 (current US\$)**



Source: World Bank

### The Three Main Nodes Affecting Jordan's Economy

In sum, despite noteworthy results in economic diversification and private sector development over the previous decades, the transition process has slowed down in recent years and significant unsolved problems lie at the roots of the social malaise that has caused the current period of social tension. Such problems can be summarized into three main points. The first is the ongoing deterioration of state institutions and citizens' trust in them. This has been exacerbated by the loss in purchasing power of public sector salaries. In fact, the public sector has remained over-sized compared to the private sector, despite efforts to diversify the economy. Nevertheless, the pace of public job creation has slowed down, accompanied by a steady loss of purchasing power for most public sector employees. This has led to a widespread increase in corruption, which further undermines public trust in state institutions.

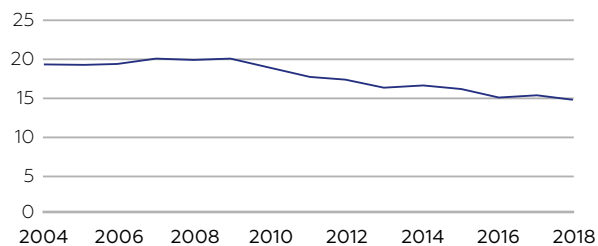
Second, the Jordanian system shows the ongoing presence of an imperfect dual labor market, typical of rentier economies. Young Jordanians entering the labor market have built their professional expectations on the experience and welfare of previous generations. This leads many of them to aspire to securing public sector jobs – which in the past constituted the main form of employment – and to look at the private sector as the second-best option. In some instances, cultural factors lead new entrants to refuse work that is better paid than more traditional public sector jobs due to the social stigmatization attached to some kinds of professions (especially blue-collar

<sup>12</sup> "The Economic Consequences of the Arab Spring," Atlantic Council, February 13, 2014 <<https://www.atlanticcouncil.org/publications/issue-briefs/the-economic-consequences-of-the-arab-spring>> (accessed July 8, 2019).

<sup>13</sup> "Jordan Census Counts 1.2 Million Syrians," Voice of America News, January 31, 2016 <<https://www.voanews.com/a/jordan-census-counts-1-point-2-million-syrians/3170432.html>> (accessed July 8, 2019).

and service-sector jobs). Furthermore, the education system has been only partially reformed in order to match the requirements of the private sector. As a result, dependency rates among young Jordanians have been steadily increasing over recent years along with the unemployment rate, especially among youth (see Graph 3). The private sector has produced a limited number of high-quality posts able to attract young Jordanians, while most recently created private sector jobs went to low-skilled immigrants (especially from Asia and poorer Arab countries such as Egypt).<sup>14</sup> Although an increasing number of Jordanians is employed in the private sector compared to the past, structural and cultural reasons hinder the achievement of an optimal employment balance between the public and private sectors.<sup>15</sup>

**Figure 3: Employment to population ratio, ages 15–25, total (percent) (modeled ILO estimate)**



Source: ILO

The third problematic node is the economy's Dutch disease, another typical feature of rentier states. Jordan's average salaries remain relatively high when compared to those of other countries in the region not endowed with significant hydrocarbon resources, such as Egypt and pre-war Syria. Furthermore, unlike countries with higher average salaries, such as Saudi Arabia, Jordan suffers from scarce domestic invest-

ment capacity and high prices for basic production factors such as energy. The combination of these elements makes the country's business environment insufficiently competitive for international investors interested in labor-intensive industrial sectors. Such elements have curbed the expansion of the private sector, especially in labor-intensive activities capable of absorbing high numbers of young unemployed.<sup>16</sup>

### Jordan and the "Deal of the Century"

Such systemic problems have been exacerbated by the increasingly limited capacity of the Jordanian leadership to obtain significant economic and political support from traditional international allies and donors – in particular, from the Gulf monarchies.<sup>17</sup> This has been due to the steady deterioration of the country's relevance in regional politics, which has led to Jordan's diminishing leverage vis-à-vis other regional powers and current and potential international supporters. While in the past Amman could play a decisive role in several regional issues due to its privileged relations with Israel, the West, and all relevant regional actors, today such relations have no longer the same strategic value. Today, Israel has direct channels of communication and coordination with regional players, such as the Gulf monarchies, that bypass Jordan.<sup>18</sup>

Furthermore, the Israeli-Palestinian conflict – which for much of the post-war period constituted the core of Middle Eastern politics – is no longer considered a primary issue.<sup>19</sup> In addition, Jordan has no longer a determining role in the management of this conflict as it did in the past. On the contrary, over the last year, Jordan has mostly been a passive player in the context of the soon-to-be-announced "Deal of the Century" – the peace-plan elaborated by the Trump administration in coordination with Tel Aviv and Riyadh to end the Israeli-Palestinian conflict.

Although the plan has not yet been officially presented, the details that have emerged so far outline

14 Camille Dupire, "Jordanian labour market suffers from 'abundant' foreign workforce – study," The Jordan Times, October 5, 2017 <<http://www.jordantimes.com/news/local/jordanian-labour-market-suffers-abundant-foreign-workforce---study>> (accessed July 8, 2019).

15 According to documents released by the Jordanian Ministry of Labor, the public sector today still accounts for more employees than the service and manufacturing sectors combined. "Jordanian Labor Market in Numbers (2012–2016)" [in Arabic], Jordanian Ministry of Labor, 2017 <[http://www.mol.gov.jo/Echobusv3.0/SystemAssets/PDFs/AR/Jordani an percent20Labour percent20Market percent20in percent20Numbers percent20\(2012-2016\).pdf](http://www.mol.gov.jo/Echobusv3.0/SystemAssets/PDFs/AR/Jordani%20an%20percent20Labour%20Market%20in%20Numbers%20(2012-2016).pdf)> (accessed July 8, 2019).

16 Mohammad Gazal, "Jordan falls two spots in Global Competitiveness Report," The Jordan Times, October 20, 2018 <<http://www.jordantimes.com/news/local/jordan-falls-two-spots-global-competitiveness-report>> (accessed July 8, 2019).

17 Ali Younes, "Will Gulf aid package help resolve Jordan's economic crisis?," Al Jazeera, June 12, 2018 <<https://www.aljazeera.com/news/2018/06/gulf-aid-package-resolve-jordan-economic-crisis-180612095819844.html>> (accessed July 8, 2019).

18 Ian Black, "Why Israel is quietly cosying up to Gulf monarchies," The Guardian, March 19, 2019 <<https://www.theguardian.com/news/2019/mar/19/why-israel-quietly-cosying-up-to-gulf-monarchies-saudi-arabia-uae>> (accessed July 8, 2019).

19 "US envoy Greenblatt: Israeli-Palestine conflict is not the core regional problem," Middle East Monitor, September 4, 2018 <<https://www.middleeastmonitor.com/20180904-us-envoy-greenblatt-israel-palestine-conflict-is-not-the-core-regional-problem/>> (accessed July 8, 2019).



a risky scenario for Jordan's interests.<sup>20</sup> The plan is said to include a de facto dismissal of the two-state solution, with the formation of a lesser Palestinian state to be linked to Jordan through some sort of confederal system. The plan would also allegedly end the Hashemite monarchy's tutelage on Jerusalem's Islamic holy sites, which has the potential to further undermine the monarchy's credibility. The monarchy's acceptance of the 1994 peace treaty was based on the creation of an independent Palestinian state – and the socioeconomic and demographic stability of the country – which would be further undermined by a confederation that includes several million more Palestinians in Jordanian society. In fact, Palestinians already constitute almost 70 percent of the overall Jordanian population, and the current demographic equilibrium was only achieved after the resolution of tensions between Palestinians and the Transjordanian population – the traditional core support base of the Hashemite monarchy – which even caused a brief civil war in 1970. Further demographic marginalization of the Transjordanian population would lead to the definitive dismantling of the balance that has guaranteed the country's social stability over recent decades. The dominant control that the Transjordanians exert today on the public sector – and especially on its most sensitive structures, such as the army and the security forces – would become impossible to maintain, jeopardizing the very integrity of the monarchy's core base. Furthermore, the inclusion of a large, young population – from territories that have been neglected for decades and already show high levels of youth unemployment – would represent a further burden for the country's already overwhelmed infrastructures and labor market.

### Jordan and the EU

Jordan has been a close ally of the EU and a reliable partner in many scenarios. The country is part of the Neighborhood Policy and has signed subsequent treaties with the EU in key economic, security, and cultural areas. Grave destabilization in Jordan would cause a major blow to Europe's interests in the Levant and to the EU's credibility as a trustworthy partner. Moreover, instability in Jordan would further degrade

the already dramatic situation in the Levantine region and endanger key European security and economic interests.

Over recent decades, EU missions and documents have analyzed Jordan's socio-economic situation and its development, providing key outlines of the country's most pressing problems.<sup>21</sup> For instance, several EU reports recognize the reduction of the mismatch between the requirements of the private sector and the skillset of labor-market entrants as key to solving the country's employability issues.<sup>22</sup> EU countries have also been engaged in supporting the Jordanian government's effort to reform the education system and to improve coordination between private companies and universities. The two main goals here are: the modernization of university education and research programs in order to better match the needs of private companies; and to encourage more continuous and effective private sector engagement with R&D instruments, and to coordinate in this regard with academic institutions. Such efforts have achieved some results, but EU support has been sparse and mostly project and/or sector-based.

Furthermore, several documents released by EU institutions have recognized the cost of productive factors and the scarcity of investments as two of the main problems in Jordan's economy. They are especially felt by start-ups and SMEs, whose competitiveness is dramatically hampered. In particular, energy has emerged as the single most expensive factor, constituting a barrier to further development of the country's industrial sector and becoming an increasingly heavier burden for the budgets of Jordanian households. This has been caused by Jordan's lack of domestic resources and the increasing difficulties the government has encountered when trying to obtain procurements from its neighbors.<sup>23</sup>

Recently, the EU has been supporting Jordan's effort to achieve energy independence using new technologies and alternative (especially renewable) sources. However, EU contributions have been sparse and not distributed according to an overall homogeneous plan aimed at supporting Jordan's efforts to enhance

20 Z. Harel, "Concern In Jordan about 'Deal Of The Century,' Possible Harm To Jordan's Special Status In Jerusalem," Middle East Media Research Institute, April 8, 2019 <<https://www.memri.org/reports/concern-jordan-about-deal-century-possible-harm-jordans-special-status-jerusalem>> (accessed July 8, 2019).

21 "Jordan," European Neighbourhood Policy and Enlargement Negotiations, European Commission, 2018 <[https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/jordan\\_en](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/jordan_en)> (accessed July 8, 2019).

22 "Commission implementing decision of 6.12.2018 on the annual action programme (Part 2) in favour of the Hashemite Kingdom of Jordan for 2018," European Commission, December 6, 2018 <[https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c\\_2018\\_8530\\_jordan\\_aap\\_2018\\_part\\_2\\_merged\\_document.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c_2018_8530_jordan_aap_2018_part_2_merged_document.pdf)> (accessed July 8, 2019).

23 Michael Hochberg, "Jordan's Energy Future: A Path Forward," Middle East Institute, August 19, 2015 <<https://www.mei.edu/publications/jordans-energy-future-path-forward>> (accessed July 8, 2019).

its energy independence. Moreover, while the EU has promoted and created credit lines for financial start-ups and medium enterprises – which employ 70 percent of the Jordanian private-sector workforce – their bankability remains limited. Most local financial institutes prefer to invest in the few big private companies active in the country and both credit institutions and SMEs still lack the necessary know-how to establish a healthy system of relations and trust allowing for local banks to efficiently stimulate the local private sector.<sup>24</sup>

Finally, Jordan and the EU have always shared similar positions regarding the Israeli-Palestinian conflict. In particular, both have always shown great support for the two-state solution proposed by the Oslo process.<sup>25</sup> Hence, the main elements of the Trump administration's proposal contradict Jordan's stance as well as that of the EU. Jordan and most European countries already expressed their opposition to Trump's decision to move the US embassy from Tel Aviv to Jerusalem in 2018. However, on that occasion, the EU's and Jordan's declarations and initiatives occurred in parallel and without coordination.

### Recommendations

The EU and its member states have the instruments to effectively support Jordan in the months and years to come and avoid further dangerous instability in the country and in the region. They can intervene along three main lines: one political and effective in the short-term, and two medium-term strategies concerning the country's economic development.

*- Support the Jordanian leadership in its opposition to the "Deal of the Century" (short-term)*

Establishing a direct channel of communication and coordination between Jordan and the EU in order to coordinate future initiatives in opposition to Trump's peace plan would strengthen the Jordanian leadership's stance domestically and also in relation to other regional and international actors. The EU can achieve this objective by including the Jordanian leadership in its own initiatives, issuing common declarations in support of the two-state solution, and devising shared policies on the issue.

*- Enhance support for vocational-training programs and private-sector employment (medium-term)*

The EU needs to rethink its support through a more holistic and homogeneous approach based on a broad understanding of the Jordanian labor market's needs and requirements, as stressed by the 2018 European Commission's Annual Programme for Jordan.<sup>26</sup> Vocational training coupled with the provision of better communication between private sector and academic institutions should be at the core of this approach. Furthermore, such interventions should be accompanied by marketing and social media campaigns with a twofold goal: to modify widespread social perceptions regarding employment in certain fields and enhance private companies' perception of the benefits of R&D programs, and a more continuous and effective engagement with academic institutions.

*- Enhance the overall competitiveness of the Jordanian economy (medium-term)*

The EU needs to increase its (so far limited) efforts to enhance the bankability of SMEs and startups. This can be achieved by creating ad-hoc credit lines using EU funding. However, even more importantly, such interventions need to be made sustainable by providing SMEs and public and private financial institutions with the adequate financial tools and know-how. This would enhance the bankability of the former and create a functional credit sector able to support the long-term creation of new jobs through the promotion of Jordanian entrepreneurship.

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<sup>24</sup> Ibid.

<sup>25</sup> "FM underlines EU role in resolving Palestinian-Israeli conflict," Jordanian Embassy to the US, May 18, 2019 <<http://jordanembassyus.org/news/fm-underlines-eu-role-resolving-palestinian-israeli-conflict>> (accessed July 8, 2019).

<sup>26</sup> See endnote 21.

## REALIZING THE OPPORTUNITY OF THE EU-JORDAN ASSOCIATION AGREEMENT – HOW MORE JORDANIAN AND NON-JORDANIAN PRODUCERS CAN TAKE PART

Mohammed Al Husari

*Jordan has recently signed improved versions of the EU-Jordan Free Trade Agreement (FTA) in 2016, with two further improvements in 2017 and 2018. The FTA allows many Jordanian firms preferential access to the EU market by eliminating customs duties on their products if they hire Syrian refugees as a small percentage of their workforce. Not many Jordanian firms have taken part, and the country's trade deficit remains negative without much improvement. The EU-Jordan FTA is a source of great advantage if capitalized on, which can be achieved by designing and executing a deliberate strategy to promote producers who wish to export to the EU. Policies in support of this include attracting foreign direct investment from firms in other countries that already export to the EU with tariffs, creating a special fund to finance projects backed by low European interest rates anticipating revenues in Euros and, more ambitiously, creating a high-productivity growth industry with linkages to the economy supported by infrastructure and semi-subsidized energy.*

In the last three years, Jordanian and European policy makers have been improving the rules concerning Jordanian producers to encourage further exports to the EU, as part of the general EU response to assist Jordan during its current economic crises and the large influx of Syrian refugees, which has pressured the economy and the government budget. However, the timing of these decisions and efforts is key for Jordan's economy. There have been few times in history where the economy is as challenged as it is today. Its origins can be traced to the 2008 global financial crisis. Sharp increases in oil and commodity prices followed the crisis in 2011, coinciding with the Arab Spring, which affected security in the region and hit Jordanian tourism (10 percent of GDP). Furthermore, the closing of the borders with Iraq and Syria halted exports and affected logistics and consumer sectors, at the same time as the Syrian refugee inflows (16 percent of the population) strained

public resources. The effects have pressured annual GDP growth, which was averaging 6–8 percent pre-2008 and dropped to 3 percent from 2011 onwards before falling further: the latest figure is 1.8 percent. The unemployment rate has risen from 12 percent in 2014 to 18.7 percent today.<sup>27</sup>

Moreover, the government has to contend with a challenging budget. The government debt to GDP is at its highest it has ever been, at 95 percent.<sup>28</sup> The government has also been reigning in its budget deficit and increasing taxes in a very unpopular law that led to protests in 2018 and the replacement of the prime minister. Recently, the Gulf Cooperation Council did not renew a five-year financial support package worth \$3.6bn that ended in 2017, further straining government finances.

One of the most important strategies put in place to address these issues was Vision 2025, a ten-year blueprint targeting increase in GDP growth, increased industrial contribution to GDP, lowering public debt to 47 percent, among other targets. Moreover, USAID launched a program in 2014 that will run to September 2019 called the Jordan Competitiveness Program (JCP) – which focuses on addressing the competitiveness of Jordanian firms with projects targeting higher exports to various markets including East Africa, the US, and the EU – and a project targeting local entrepreneurship and driving FDI and local investment. Tied to this is another program specifically targeting exports, the National Export Strategy (2014–2019), with a focus on key sectors: fresh fruits and vegetables, paints, management consulting services, prepared and preserved meat, electrical wires and cables, architecture, and engineering.

Jordanian policymakers have also been making inroads in the EU-Jordan FTA, which has seen considerable improvements since the 2016 Compact.<sup>29</sup> The political effort exerted by ambassadors and policymakers on both sides is not insignificant. However, the response of local Jordanian producers has been less than satisfactory, with only six firms taking part in the new initiative. The trade deficit with the EU stood at €3.2bn in 2018, and has been relatively steady since 2002 when the FTA was first put in place in its basic form, ranging between €2.4bn and

27 Department of Statistics, Jordan <<http://dosweb.dos.gov.jo/>> (accessed July 4, 2019).

28 "Central Government Debt, Percent of GDP," IMF <[https://www.imf.org/external/datamapper/CG\\_DEBT\\_GDP@GDD/C HN/FRA/DEU/ITA/JPN/GBR/USA](https://www.imf.org/external/datamapper/CG_DEBT_GDP@GDD/C HN/FRA/DEU/ITA/JPN/GBR/USA)> (accessed July 29, 2019).

29 "EU and Jordan adopted partnership priorities and compact," European Council, December 20, 2016 <<https://www.consilium.europa.eu/en/press/press-releases/2016/12/20/eu-jordan-partnership-priorities-and-compact/>> (accessed July 29, 2019).

€3.2bn. The EU is the seventh main export destination for Jordanian products.<sup>30</sup>

### The EU-Jordan FTA today

As part of a wider effort by the EU to engage with its neighbors, particularly in the Mediterranean region, Jordan and the EU signed the FTA in 2002, allowing some Jordanian producers to sell their products to the EU without tariffs. This relationship has since undergone a series of developments further enhancing the FTA, with each improvement expanding the scope of participants and eligible firms. The 2016 Compact is the most recent of these developments and is aimed at improving the lives of Syrian refugees by lowering the threshold for rules of origin and opening up work permits for Syrian refugees.

## The response of local producers to the improved FTA is dissatisfactory

Two consecutive rounds of discussions in Brussels in 2017 and 2018 made more Jordanian firms eligible to participate. Today, any Jordanian company that hires a minimum of 15 percent of its production-related workforce and uses less than 70 percent of non-originating goods in its final products is eligible to sell to the EU with no duties. Following the London conference in February 2019, it was agreed that if Jordan issued 60,000 work permits to Syrian workers, Jordanian companies would not need to hire Syrians to be able to take part.

### The Weak FTA Response: High Energy Costs and Poor Competitiveness

The energy picture plays a major role in the competitiveness of industries and producers. Jordan's main issue is the extra capacity on the grid from existing long-term contracts with electricity generation facilities. This hinders the shift towards renewable energy as the extra capacity is not needed. Jordan

has tried to sell this extra capacity to neighboring countries. So far, Syria has not agreed to connect the two grids, Saudi Arabia does not need the supply, the West Bank already is connected, while Egypt has a two-way agreement only to balance extra capacity. Hence, Jordan has few options to export the extra capacity.

Moreover, the average cost of production is around 18 cents per kilowatt. Households pay around this figure, agriculture and industry are heavily subsidized and pay around 8 cents and 13 cents respectively, while the two entities footing the bill are the government and commercial tariffs. However, large commercial companies are shifting towards the use of solar panels to reduce their energy bills, thereby causing a deficit and further losses to the National Electric Power Company (NEPCO). Earlier in 2019, connecting solar-generated power was severely limited.

With this picture in mind, a number of questions arise. First, if the subsidized industrial sector were to generate its own electricity from renewable sources, would this reduce the burden on NEPCO? The answer is yes, but only in the long-run. Currently, NEPCO is paying the bill whether there is demand or not, hence there is no incentive in the short- or medium-term to support an industrial shift to renewable energy. However, a new initiative scheduled for completion in late 2020 run by the Chambers of Industry to generate 100MW of renewable energy through a limited liability company with factories as the shareholders is currently running on schedule, with the first registrations taking place late June 2019.

To demonstrate the weak competitiveness of Jordanian producers, a comparison with neighboring Saudi Arabia is fruitful. According to 2017 figures, Saudi exported €4.37bn in non-oil goods (mainly chemicals and plastics, 25 percent and 47 percent respectively)<sup>31</sup> to the EU, compared with Jordanian exports of €0.3bn to the EU. Saudi Arabia's advantages are cheaper energy costs and economies of scale through large investments in capacity. Its industrial electricity prices are around 3 cents (2 piasters) compared with Jordan's 13 cents (9 piasters). Currently, Saudi Arabian products face a 6.5 percent tariff in the EU. Many Jordanian products and Saudi products are currently competing around similar prices delivered in the EU

30 "Jordan and the European Union," Delegation of the European Union to Jordan, May 12, 2013 [https://eeas.europa.eu/delegations/jordan\\_en/1357/Jordan%20and%20the%20EU](https://eeas.europa.eu/delegations/jordan_en/1357/Jordan%20and%20the%20EU) (accessed July 4, 2019).

31 "Saudi Arabia: Economic indicators and trade with the EU," European Parliament, November 2017 <[http://www.europarl.europa.eu/RegData/etudes/ATAG/2017/608780/EPRS\\_ATA\(2017\)608780\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2017/608780/EPRS_ATA(2017)608780_EN.pdf)> (accessed July 4, 2019).



with the 6.5 percent tariff on Saudi products offsetting the higher production costs in Jordan.

Given that a large chunk of Saudi Arabia's non-oil exports is in plastics (47 percent), it is worth doing the math for this specific sector concerning economies of scale and energy. Because energy is cheaper in Saudi Arabia, plastics production amounts to roughly 7 percent of the total cost for a typical producer in Jordan, whereas it is roughly 3 percent in Saudi Arabia. The economies of scale advantage for larger Saudi producers is estimated at around 4 percent. The 6.5 percent tariff on Saudi products offsets these advantages, and if Jordanian producers can catch up on the economies of scale by investing in large machinery, this should lower costs and provide 4 percent lower production costs. On the whole, Jordanian products can be cheaper by 2.5 percent. In a market that trades similar to commodities, 2.5 percent is a significant advantage. This calculation assumes that Jordan does nothing on energy costs.

### Examples of Export Growth Policies

There have been many instances in modern history where governments have adopted active industrial policies with great success. In 1931, US companies GM and Ford dominated the Japanese market for automobiles. The Ministry of Commerce and Industry established a committee to look into establishing domestic automobile manufacturing. It took eight years and a law to force the use of domestic parts along with sharp tariffs on imported parts to bring Toyota and Nissan to dominance in 1939.<sup>32</sup> In Asia, Korea is another striking example. In the early 1970s, the country went from no experience in steel or shipbuilding to building one of the biggest steel mills and the largest shipyard in the world. Hyundai later became a global auto maker. It was political willpower that drove Korea to the technological frontier of the world.<sup>33</sup>

More recently, it has been acknowledged that the US silicon valley boom could not have happened without the large defense programs during the Cold War, which linked domestic industries to procurement.

The technology in Apple's iPhone, in particular the touch screen displays, GPS, internet, and Siri were initiated from public research funding.<sup>34</sup> Even Tesla and SpaceX are reported to have benefited and continue to benefit from US government subsidies to the tune of \$4.9bn through government contracts, loan guarantees, and grants to build factories.<sup>35</sup>

On May 2, 2019, a battery-making consortium for electric vehicles was announced in the EU, led by France and Germany using a mixture of private sector investment and state subsidies of €1.2bn. The project aims to build a pilot project and two factories to manufacture batteries for the European car industry and export in the future. This is induced by the fear of German and French policy makers that with the rise of electric vehicles, the supply chain will shift to Asia and cause the loss of millions of European jobs.<sup>36</sup> Though the project still has legal hurdles to pass in relation to breaching EU competition law, it reflects the visible "hand of the state" in supporting domestic strategic industries.

Jordan has also benefited from a large industrial policy. Following the 1994 peace treaty with Israel, Jordan created industrial parks (called Qualifying Industrial Zones or QIZs) which collaborated with Israel to benefit from the existing US-Israeli FTA in the textiles industry. Such zones attracted large FDI from Chinese and Indian textiles manufacturers. Even though Jordan signed its own FTA with the US later in 2005, thereby allowing it to export to the US with no duties and without the special QIZ label, the physical zones remain to this day.

A recently published IMF working paper (March 2019) titled "The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy" by IMF economists Fuad Hasanov and Reda Cherif looks at industrial policies supported by the state. Their key findings, supported by empirical evidence, are that the success of the Asian miracles is due to: the support for domestic producers in sophisticated industries beyond those that already exhibit a comparative advantage; a strong orientation towards export; and

32 "Item 7. Toyoda Automatic Loom Works Designates a Licensed Company under the Automotive Manufacturing Industries Law," Toyota Global <[https://www.toyota-global.com/company/history\\_of\\_toyota/75years/text/taking\\_on\\_the\\_a\\_automotive\\_business/chapter2/section2/item7.html](https://www.toyota-global.com/company/history_of_toyota/75years/text/taking_on_the_a_automotive_business/chapter2/section2/item7.html)> (accessed July 4, 2019).

33 F. Hasanov and R. Cherif, "The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy," IMF working paper, 2019

34 Mariana Mazzucato, *The Entrepreneurial State* (London, 2013).

35 Jerry Hirsch, "Elon Musk's growing empire is fueled by \$4.9 billion in government subsidies," Los Angeles Times, May 30, 2015 <<https://www.latimes.com/business/la-fi-hy-musk-subsidies-20150531-story.html>> (accessed July 4, 2019).

36 Victor Mallet, "Battery venue seeks EU approval for €1.2bn state aid," Financial Times, May 2, 2019 <<https://www.ft.com/content/ee4f24ca-6cda-11e9-a9a5-351eeaef6d84>> (accessed July 4, 2019).

pursuit of fierce competition (no support for an inefficient producer).<sup>37</sup>

The paper also specifies three “gears” to industrial policy. The first, called snail crawl, is a gradual approach to solving market failures that focuses on incentivizing firms to locate in certain industrial zones and setting up export promotion agencies (the Jordan Enterprises Development Corporation, JEDCO), among others. The second gear is called the leapfrog, in which the state promotes strong sectors within the economy that may exhibit comparative advantages, builds on current production capabilities, and promotes new diversification opportunities. The fastest gear is called the moonshot approach, which pursues ambitious goals and radical measures. It creates new industries and helps them grow, with the government investing in non-existent infrastructure, and usually constitutes a risky approach. Most examples mentioned above fall into this category (Japan, Korea, Singapore), along with projects such as putting a man on the moon, for example.

## A program with clear export targets to the EU is needed

The determinants of which gear is in place depends on three factors: productivity growth, innovation, and export sophistication. Sophisticated industries and products are defined as products that have high productivity growth and spillovers into the tradable sector. The major argument for looking beyond industries with a comparative advantage is that those industries already have the support they need and naturally attract investment on their own. According to the revealed comparative advantage (RCA) of Ricardo Hausmann,<sup>38</sup> Korea showed no comparative advantage in early 1970s, even though it is competitive in this field today.

### Recommendations

The EU-Jordan FTA is an advantage that has not been utilized to its full potential, because the market and

the economics do not favor Jordanian producers compared to other producers in different countries. In order to encourage more Jordanian producers to become exporters to the EU, a large and ambitious strategy is needed that looks beyond current capacity and production capabilities in Jordan. A strategy should be adopted at the highest levels of government and the relevant ministries to bring to life an industrial hub that is competitive and able to export to the EU. The first step is for the government to launch a program with clear export targets to the EU to capitalize on the current FTA. Under this umbrella and institutional weight, a number of steps can be taken.

#### - Establish an executive committee

The executive committee and a board of trustees would create the institutional umbrella to carry out the goals of the strategy along with monitoring the key performance indicators and reporting on them. The executive committee would launch and market an official program (e.g. the Jordan-EU Export Program, JEEP), and may also host events (such as a conference) outlining the plan and attracting discussion and conversation to improve aspects of it. The committee should be made up of the key stakeholders looking after Jordan’s industry: the Ministry of Industry, Trade and Supply, the Ministry of Planning, Chambers of Industry, and JEDCO.

#### - Revise Jordan’s energy policy

Given the energy sector problems outlined earlier, there is no easy solution to improving the energy bill for producers. One idea is to use the extra capacity to sell to exporters to the EU. However, this contradicts WTO rules on subsidizing exporters. A feasible yet politically difficult approach is to specify an industrial zone in which electricity is subsidized further. A good candidate is the Aqaba economic zone with many producers already focusing on exports. Another more feasible approach is to allow producers in these zones to produce electricity from renewable energy and streamline the process of doing so, as well as removing any restrictions currently in place.

#### - Promote Research & Development

Building on the USAID Jordan Competitiveness Program’s work in aiding Jordan’s accession to the Patent Cooperation Treat (PCT), thus contributing to

37 Hasanov and Cherif, “The Return of the Policy That Shall Not Be Named.”

38 Ricardo Hausmann et al., *The Atlas of Economic Complexity: Mapping Paths to Prosperity* (Cambridge MA, 2013).



protecting intellectual property, R&D cooperation between scientific labs and institutions such as universities and the Royal Scientific Society should be improved to promote innovation. Currently, the Royal Scientific Society, a very well-equipped institution, charges more for some tests than private sector labs in Europe, which demotivates Jordanian firms or forces them to invest heavily in testing equipment. This is usually a hefty investment they are not willing to make. A special program and carefully designed mechanism are required to encourage firms to innovate and experiment without heavy costs.

Given that exporters in developing countries are often accused of sticking to low value-added products addressed as “treadmilling” in the global value chains (GVC) literature, there is an established great need for a policy that promotes innovation. Moreover, the WTO rules are lenient on subsidizing R&D for exporters.

*- The EU Trade Fund: offer preferential credit and financing to projects that will be exporting to the EU*

Given that revenues are based on the Euro, this fund can offer Euro loans that carry a much lower interest rate than lending in Jordanian Dinars (0-2 percent versus 7-10 percent). The fund should be run as a private fund with profit making in mind, and can include investors such as USAID, the Central Bank of Jordan (CBJ), and private banks. It should be run as a venture capital fund or a lender. Thus, the fund can also be used to support R&D by financing testing equipment or to provide testing credits in existing Jordanian institutions.

*- Invite FDI geared around exporting to the EU*

This can focus on existing exporters to the EU from different countries that have tariffs imposed on their products. Moving to a location where there are zero tariffs makes them more competitive in Jordan, where the QIZ experience is a precedent. With a dedicated marketing initiative run by the executive committee, this will attract FDI into Jordan. This requires a targeted effort to identify large companies and producers for whom it would make sense to make this shift.

Jordan had adopted and executed a number of national strategies and has built and continues to build the experience to do so in the last decade. Despite the results and perhaps the mistakes that

occurred, the knowledge built by the ministries, chambers of industry, investment and trade promotion authorities, the CBJ, and the private sector involved is quite significant. Implementing a strategy to promote EU trade is thus well within the experience of current policymakers.

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## THE INTERNATIONAL COMMUNITY'S RESPONSIBILITY TO PROTECT IN ACTION – THE DOUBLE-SPEED DYNAMICS OF GRANTING HUMANITARIAN VISAS FOR EXILED POPULATIONS IN JORDAN

Hela Manadile

*As the neighboring country of several regional crises (Palestinian, Iraqi, and Syrian), Jordan has drastically developed its welcoming capacities to carry the human cost of political instabilities in the Middle East. Facing the challenge of continually absorbing waves of refugees, the Hashemite kingdom's socio-economic framework and resources urgently need external solidarity to cope with such population movements. The United Nations High Commissioner for Refugees (UNHCR) stands at the forefront of relief through its refugee resettlement program towards third host countries. But while European governments belatedly try to manage waves of migrant caravans on their territories, organizing international protection from the very country of origin or neighboring ones could be more effective in achieving migration crisis management. Granting visas to asylum seekers before they decide to use the illegal route is one way to select in advance legitimate requests, and avoid thousands of dead as well as human smuggling and trafficking.*

The eighth anniversary of the Syrian crisis reveals lessons to be learned about the management of intensive human displacement and the application of the international public law norm on the “responsibility to protect” (R2P).<sup>39</sup> Indeed, sovereign states of the United Nations Organization carry the legal obligation to protect their populations against genocides, war crimes, and crimes against humanity. Should they fail in a proven way, the international community first encourages and helps this state to abide by its responsibility, and then, if necessary, takes over the process diplomatically, peacefully, and through humanitarian actions.

Regarding the Syrian situation, Bashar Al Assad's regime proved the limits of its responsibility to protect its people as evidenced by the use of chemical weapons and mass crimes against detainees.<sup>40</sup> Indeed, since 2013, the United Nations Security Council has passed twenty-four resolutions on Syria,<sup>41</sup> apart from the twelve times Russia imposed its veto. According to the “duty of interference,” when a state reaches such a level of violence, it is losing its complete sovereignty. Thus, the principle of sovereignty is redefined according to the duty of protecting one's people. However, pro-war interpretations of the duty of interference have led to unilateral military actions, such as the Bush doctrine applied in Afghanistan and Iraq.<sup>42</sup> Still, peaceful, non-military, and multilateral actions exist to relieve a population from internal violence, such as humanitarian convoys, exit corridors, and diplomatic mediation.

Concerning exiled populations seeking protection outside their state, there is no specific international norm – including the 1951 Geneva Convention on refugees and stateless people and its 1967 additional protocol – that sets the rule of distribution among welcoming countries.<sup>43</sup> Non-binding commitments are generally based on states' good faith and good will. Syria now has the largest number of refugees worldwide (6.3 million out of a total global refugee population of 25.4 million),<sup>44</sup> representing approximately one refugee in five. Eventually, the shared responsibility to protect *a fortiori* falls to Syria's neighboring countries (Lebanon, Jordan, Turkey, and Iraq).

### Containing Human Lives: Issues Facing the Jordanian Host Community and its Syrian exiles

According to the UNHCR's June 2018 figures, Jordan carries the second highest share of Syrian refugees per capita – after Lebanon – and has welcomed 666,294 registered Syrian “guests” among its 9.7 million population.<sup>45</sup> The Jordanian government estimates around double this figure, at 1.4 million Syrians, living in the country.<sup>46</sup> Syrian refugees in Jordan are mainly settled in urban areas of the Kingdom, and

39 Resolution A/RES/60/1. 2005 World Summit Outcome adopted by the General Assembly of the United Nations Organization on September 16, 2005.

40 Stephanie Nebehay, “War crimes evidence in Syria ‘overwhelming’, not all can be pursued: U.N.,” Reuters, March 26, 2018 <<https://www.reuters.com/article/us-mideast-crisis-syria-warcrimes-idUSKBN1H22GN>> (accessed July 5, 2019).

41 Global Center for the Responsibility to Protect, May 15, 2019 <<http://www.globalcr2p.org/regions/syria>> (accessed July 16, 2019).

42 The foreign policy principles applied during George W. Bush's presidency advocated for unilateral preemptive wars against imminent threats, here applied to the plan to democratize the Great Middle-East.

43 UNHCR Yearbooks June 2018 <[www.unhcr.org/figures-at-a-glance.html](http://www.unhcr.org/figures-at-a-glance.html)> (accessed July 5, 2019).

44 Unlike internally displaced people (IDPs), refugees are those who have left their home country.

45 United Nations Refugee Agency, Fact Sheet Jordan, June 2018, <<http://reporting.unhcr.org/sites/default/files/UNHCR%20Jordan%20Fact%20Sheet%20-%20June%202018.pdf>> (accessed July 16, 2019).

46 Jordan Response Plan for the Syria crisis 2016-2018, Jordanian Ministry of Planning and International Cooperation.

a little over 100,000 others live in three camps (Zaatari, Azraq, and Emirati-Jordanian camps). The entry of these refugees was ensured by air and terrestrial humanitarian corridors until an attack against Jordanian customs in 2016, which led the Jordanian authorities to close the border before re-opening some crossing points. Satellite images have shown exiled Syrians' cemeteries alongside the Syrian-Jordanian desert border as Deraa area populations fled their government's offensive without finding any exit. Amnesty International estimated the size of this blocked population as up to 75,000 people in 2016.<sup>47</sup> Indeed, in the confusion of the conflict, civilians are paying the human cost of the war against terrorism and against Daesh in Jordan.

The fact that this humanitarian burden has not been shared on the international level, and that developing countries have been left to shoulder the burden, has had dramatic consequences. The principle of opening humanitarian corridors challenges these neighboring countries' own safety and territorial integrity. Between host communities and refugee groups, the lack of welcoming capacities (such as housing, health, and schools) feeds xenophobia and abuse of the vulnerable.

Indeed, the presence of an unplanned extra population has had arduous socio-economic consequences on Jordan. Concerning vital facilities, Jordan is in the top ten countries with water shortages, and water consumption increased by 40 percent with the Syrians' arrival. In February 2018, UNHCR needed USD 274.9 million to support all refugees in Jordan, but only collected USD 17.8 million (6 percent of total needs). This lack of voluntary contributions from states and private donors undoubtedly impacted the host country's public finances.<sup>48</sup> Facing such an economic challenge, the Jordanian government had to reduce its "cost of hosting" Syrian refugees, which it estimated at USD 10 billion since the beginning of the conflict.<sup>49</sup> Consequently, in March 2018, the government increased the cost of health care in the

Kingdom. The national debt has doubled since the beginning of the Syrian crisis, reaching 50 percent of Jordan's GDP. Unemployment reached 14 percent in 2016 with a 30 percent increase in youth unemployment. Cities welcoming Syrian communities face up to a 300 percent rise in rents. Still, the Syrian conflict has revealed Jordan's unviable domestic policies and economic structures in the long-run.<sup>50</sup>

## The lack of international burden-sharing has dramatic consequences

From the Syrian refugees' point of view, UNHCR cash financial assistance and World Food Program alimentary vouchers are not sufficient. As only 123,000 work permits have been issued for Syrian refugees in Jordan since 2016, this population cannot fully count on self-reliance.<sup>51</sup> Refugees' low income leads to decreased access to vital medical treatments and malnutrition. Refugees with chronic diseases depend on non-governmental organizations' services for their medical follow-up. This population is all the more vulnerable as 48 percent of Syrian refugees in Jordan are children.<sup>52</sup> Child marriage<sup>53</sup> is becoming a norm as smuggling Syrian teenage brides is discreetly organized in the Arab world. As 22 percent of Syrian refugee households are headed by women, prostitution appears to be both a loophole and a trap. A generation of stateless people has come into being, as refugees' children are born and raised in closed camps and are not registered by the Syrian authorities. Another generation dies between barbed wire as resettlement solutions have not been found and the conflict continues.

47 "Frontière jordano-syrienne. 75 000 réfugiés piégés en plein désert dans des conditions effroyables," Amnesty International, September 15 2016 <<https://www.amnesty.org/fr/latest/news/2016/09/syria-jordan-border-75000-refugees-trapped-in-desert-no-mans-land-in-dire-conditions/>> (accessed July 16, 2019).

48 "UNHCR Jordan Factsheet – February 2018," Reliefweb, February 22, 2018 <<https://reliefweb.int/report/jordan/unhcr-jordan-factsheet-february-2018>> (accessed July 16, 2019).

49 "Jordan says hosting Syrian refugees has cost \$10 billion," France 24, October 10, 2017 <<https://www.france24.com/en/20171010-jordan-says-hosting-syrian-refugees-has-cost-10-billion>> (accessed July 16, 2019).

50 Taylor Luck, "Jordan's Syrian Refugees Economic Gamble," Middle East Institute, May 24 2016 <<https://www.mei.edu/publications/jordans-syrian-refugee-economic-gamble>> (accessed July 16, 2019).

51 "UNHCR Factsheet Jordan."

52 "The living conditions of Syrian refugees in Jordan: Results from the 2017-2018 survey of Syrian refugees inside and outside camps," FAFO Institute for Applied International Studies, 2019.

53 "Asylum conditions that drive the family to marry their girls who are under 18 years of age to get rid of their financial burden and protect the family honour." UNICEF Regional Study on Child Marriage – Jordan Country Brief, 2017, p.8.

### Shifting European Perceptions of Anarchic Refugee Displacement

As Jordan is not a signatory to the 1951 Geneva Convention, the UNHCR resettlement program mainly focuses on the most vulnerable, including the disabled, wounded, and large families. It also enables the lengthy process of transferring refugees to third host countries in the developed world (such as Australia, the United States, and Canada). However, a large part of the Syrian exiled population comes from the country's middle class and does not fulfil priority resettlement criteria. UNHCR still advocates the expansion of the list of welcoming third countries and quotas for refugee resettlements worldwide. Its complementary pathways through education programs also aim to be more inclusive for refugee students and their families by offering them UNHCR partner scholarships (for instance, Masters scholarships in Japanese universities). However, the majority still find no resettlement solutions. They then apply for visas to join their family or friends in a developed country but Western embassies may deny their requests.<sup>54</sup> Most Syrian refugees exiled in Jordan would then use illegal ways to settle in Europe. This behavior is a global tendency as almost 90 percent of refugees settled in the EU reached its borders via a smuggler.<sup>55</sup> Developed countries could no longer consider sending international financial aid and had to combat the problem at home.

## Financial aid instead of welcoming people is no longer the only option

In 2015, the migration crisis in Europe was seen through politicians' eyes as a threat of human flow bringing jihadists from the war field or as "economic migrants," whom governments were unwilling to welcome or protect, since economic hardship is not

covered by the definition of a refugee according to the 1951 Geneva Convention.<sup>56</sup> From Europe's point of view, the civil society and political focus was on how to welcome refugees once they had reached the continent, often by dangerous means.

Having left camps in the Near East and now in close proximity to European citizens, refugees' voices eventually started to gain wider impact. Through social networks, European social workers, and publishing books, videos, and articles on their dangerous journeys, refugees in the Western world are highlighting the absurdity of having let them arrive by themselves. They have shone a light on a certain complicity of the international community who, due to its lack of action and reactivity, have let mafia smuggling systems grow richer and more empowered, committing murders, rapes, kidnappings, family separation, and inhuman treatments with impunity. Instead of rebuilding their lives and integrating in the host country with better material capacities, refugees spend billions of dollars to reach a safer third country, which often represents the transfer of their entire life savings and properties to the parallel criminal economy. Considering this context, states' strategy of sending humanitarian financial aid instead of welcoming people is no longer the only option.

### Transit Issues Leading to Situations of *Terrae Nul-lius* (Lands with no Master) inside Europe

Meanwhile, other refugees are still on the road in Europe because they want to choose their host country. For instance, those aiming to reach community and family in the UK face the geographical obstacle of an insular state. They stay in transit at the French-British border which, between 2015 and 2017 hosted the largest informal camp in Europe, the "Jungle" in Calais. These war refugees – many from Iraq and Syria – are punished twice because on the other side of the Channel, the British authorities deny them a humanitarian transfer, and in France, the police use daily coercion to close down illegal encampments, squats, and irregular immigration activities.

Finally, since the beginning of this migration crisis, a minimum of ten thousand unaccompanied children

54 For example, a Syrian family from Aleppo applied for a visa in order to request asylum at the Belgian embassy in Lebanon and received a refusal. The European Union Court of Justice confirmed the Belgian decision stating that the refusal was not contrary to the European Convention on Human Rights – Case C-638, March 7, 2017.

55 "L'UE et la crise migratoire," European Commission, July 2017 <<http://publications.europa.eu/webpub/com/factsheets/migration-crisis/fr/>> (accessed July 16, 2019).

56 Article 1 of the 1951 Convention Relating to the Status of Refugees defines as a refugee as someone who 'owing to 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 nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country.'

have gone missing in Europe during their journey.<sup>57</sup> The shared responsibility to protect has certainly failed, especially for the most vulnerable refugees. Yet within the framework of the Common European Asylum System, the Dublin III Regulation already enables humanitarian transits from one signatory state to another following family links (Articles 9 and 10) or for reasons of vulnerability (Article 17). Thus, family reunification for asylum seekers is indeed considered by EU member states, but only as a last resort and once applicants are already on EU territory. Should the family member settled in Europe not be a statutory refugee, conditions for his exiled family to be granted a visa would depend on his financial capacity to welcome them and their capacity to integrate.

#### Positive Initiatives have Still not Established Safer Routes to Protection

As a best practice actor, Canada has developed private visa sponsorships to accelerate refugees' integration into society and welcome them without waiting for state accommodation to be built or found. The Canadian government announced that it had welcomed fifty thousand Syrian refugees from 2015 to 2018.<sup>58</sup> This may not be directly linked to the drowning of Alan Kurdi, a Syrian child, who washed up on the Turkish shore in September 2015. Nevertheless, Alan's parents had tried to reach their Canadian relatives legally before taking the illegal way after a visa refusal.

France has only recently considered this form of private support while facing 100,000 asylum seekers in 2017 who had to be sheltered during the asylum process. Family visas are rarely considered. The French government revealed that in 2016, it had granted 2,745 visas for Syrian asylum seekers and 1,369 for Iraqis.<sup>59</sup> Meanwhile, the National Office for the Protection of Refugees and Stateless People (OFPRA) developed external missions for identifying Syrian refugees in Turkey, Lebanon, and Jordan. However, many stories reported in the news have counteracted these efforts. For example, Stephan Pelissier, a French citizen, was condemned in 2017 by a Greek tribunal for smuggling migrants as he tried to drive

his parents-in-law to France. His wife's family indeed risked the illegal route after having been refused a visa. In parallel, while welcoming more war refugees, Emmanuel Macron's government is tightening up the national asylum laws to accelerate the deportation of certain categories of rejected asylum seekers.<sup>60</sup>

In Germany, almost one million asylum seekers have been registered in 2015. Angela Merkel's advocacy efforts did not produce a binding distribution of migrants in the EU during the crisis. Instead, she paid a political price in terms of popularity and re-electability. According to this particular dimension of public opinion, developing visas for refugees would not seem to be a priority, but rather the phenomenon of migrant replacement. Indeed, as millions of Euros are dedicated to Syrian integration, another wave of migrants (for instance, from the Maghreb area) is fleeing deportation from Germany to their country of origin as the context changes for long-term undocumented migrants. These already settled illegal would apply for asylum in Germany's neighboring countries because of the restrictions induced by the new arrivals of refugees.

Furthermore, legal processes of reunification recently have been offered to a degree by European authorities in the continent's hot spots (Greece, Italy, and Spain), which enable refugees' relocation according to family links in Europe. This relocation process uses EU solidarity to share the humanitarian pressure building up at hotspots. National refugee protection offices organize local missions and interview asylum seekers (e.g. from Greece) to select refugees willing to settle in their country according to family links or cultural/linguistic affinity. The British authorities, by means of the 2015 Dubs amendment, has said it would welcome over 220 unaccompanied children in transit in Europe and aspired to host a limit of 480. Some members of parliament hoped for a total of 3,000, considering the scale of the crisis.<sup>61</sup> In January 2018, the signing of the Sandhurst Treaty led to more coercion from the French and British authorities against illegal border crossing, while ignoring the humanitarian reasons behind this migration phenomenon.

57 Figures sourced from EUROPOL agency, shared by the UN Regional Center of Information for Western Europe, December 17, 2017 <<https://www.unric.org/en/latest-un-buzz/30889-lost-in-migration>> (accessed July 16, 2019).

58 Kareem Shaheen, "Shock of the cold: 50,000 Syrian refugees learn to survive -20C in Canada," *The Guardian*, January 6, 2019 <<https://www.theguardian.com/world/2019/jan/06/syrian-refugees-in-canada-surviving-the-winter>> (accessed July 16, 2019).

59 Maryline Baumard, "Le difficile accès aux visas humanitaires pour les Syriens et les Irakiens," *Le monde*, January 16, 2017 <[https://www.lemonde.fr/proche-orient/article/2017/01/16/le-difficile-acces-aux-visas-humanitaires-pour-les-syriens-et-les-irakiens\\_5063139\\_3218.html](https://www.lemonde.fr/proche-orient/article/2017/01/16/le-difficile-acces-aux-visas-humanitaires-pour-les-syriens-et-les-irakiens_5063139_3218.html)> (accessed July 16, 2019).

60 For instance, nationals from considered "safe" countries such as the Balkans could be deported to their country of origin before the court's final decision in appeal.

61 May Bulman, "Surge in child refugees in Calais as conditions reach 'breaking point'," *Independent*, April 20, 2019 <<https://www.independent.co.uk/news/uk/home-news/child-refugees-calais-france-border-immigration-home-office-a8876391.html>> (accessed July 16, 2019).



On a larger European scale, the EU-Turkey March 2016 migrant deal raises an ethical question. The agreement led to the transfer of around 7,000 Syrians from Turkey to Greece following the principle of “one for one”: for every Syrian deported back to Turkey from a Greek island, one Syrian in Turkey will benefit from a regular resettlement in the EU.<sup>62</sup> In exchange, Turkey – which already shelters 3.5 million Syrians – received €6 billion for refugees’ facilities, but was also asked by the EU to strengthen its border controls. This deal questions the principle of non-refoulement that state parties to the Geneva Convention should abide by. Indeed, the EU considers Turkey to be a “safe third country,” while the latter only grants temporary protection to Syrians. When Turkey ratified the 1951 Geneva Convention, Turkey applied a geographical reserve limited to European refugees.

## European embassies should offer humanitarian visas

Finally, on December 2018, the European Parliament approved a proposal to call on the European Commission to present a legislative proposal on visas for asylum claimants at EU embassies. Awareness-raising is indeed taking place among the continent’s higher decision makers. If the European Commission follows the direction of the European parliament, this would represent a step forward.

Empirical assessments lead to the conclusion that neighboring countries cannot handle the socio-economic pressure of managing the human cost of internal conflicts, such as the Syrian one. Durable solutions for durable wars are urgently needed as full integration of the exiled populations in limitrophe territories is not an option. Such a suffocating situation for neighboring countries could be mitigated if diplomatic bodies changed their practices and built humanitarian bridges between neighboring countries and the industrialized world for both solidarity and security reasons.

### Recommendations

As a result of their own good will and international pressure, some countries have granted interviews and then visas for asylum seekers. But these initiatives should not stay anecdotal, and good practices should be promoted to safely and rapidly resettle these populations.

#### - Generalize humanitarian visas

Ministries of foreign affairs should effectively support exiled people in Jordan by opening their diplomatic bodies to humanitarian visa applications and interviews. Providing their embassies with the capacity to process such services would help substantiate the issuing of humanitarian visas.

Since the principle of solidarity is not a binding principle, *realpolitik* needs to find arguments related to national interests. Facing its porous borders, the EU cannot use coercion to manage uncontrolled flows of migrants. In terms of security arguments, granting visas is a win-win process, as the final host country can select and investigate the population it will protect and welcome on its land. By selecting their hosts in advance, third countries can help maintain domestic public order by reducing the risk of terrorists, jihadists, or war criminals entering their territory. This could lead to greater security cooperation between Jordan and developed countries. For public opinion, governments who develop humanitarian visas would prove they have “already taken their share of the burden,” while success stories of reunited families would benefit popular perception of the authorities. However, this strategy will not make states recover full territorial integrity, since protecting borders is a complex mechanism that includes coercion. But a generalized practice of granting visas for asylum seekers could finally become a game changer in migration logic. Indeed, as voluntary return to their home country now exists as an option for Syrian refugees in 2019, the lessons learnt from this crisis should be applied to less well-known waves of exiles, such as Iraqis or Yemenis. Human smuggling persists because the international community is allowing a space for it to thrive.

Humanitarian visas could also be granted and adapted to exiled populations already connected culturally, privately, and professionally to a third country that could host them.

62 “EU-Turkey Statement: Questions and Answers.” European Commission, March 19, 2016 <europa.eu/rapid/press-release\_MEMO-16-963\_en.pdf> (accessed July 16, 2019).



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- *Facilitate privately sponsored visas*

There is no mandatory international quota or distribution of refugees to relieve neighboring countries. Nevertheless, several third countries are particularly well-placed for their historical, cultural, or family connections with the refugees. Former colonial powers like the UK nowadays include diasporas who could act as facilitating agents to host and integrate refugees in their society. Religious institutions also represent a privileged partner who could sponsor all refugees equally, not only saving the Arab-Christian minority or the persecuted Yezidis but also including Sunni Muslim refugees who are particularly targeted by the Alawite regime in Syria.

Finally, private visa sponsors could include companies willing to employ exiled individuals. Refugees should be protected for persecutions they have faced and not for their potential contribution to a host society. Still, in developed countries, professional sectors that lack skilled labor could find a way to ally necessity and solidarity as long as regulations on foreign workers are relaxed.

- *Support visa applications by exiled students*

Refugees in Jordan often invest their last savings in education (mostly European languages) so that their children can apply for student visas in developed countries. These refugees can often be found at the French Institute or British Council where, after reaching a certain competence, they can apply to Western universities. These cultural diplomacy actors should also be part of the negotiations on crisis management. In France for instance, universities offer specific free programs for already settled refugees, and these programs should be offered as bridges to those who have not yet reached Europe. Combined student humanitarian visas could be a particularly promising solution for young asylum seekers so that Syrian youth in Jordan do not become a “lost generation.”

refugee protection in France and are willing to fight the impunity of past crimes (in their country of origin or during their exile). She holds a Ph.D. in Geopolitics and Human Rights from the University of Valencia (Spain, 2014).

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## ISRAEL/PALESTINE

### JORDAN'S OPTIONS IN THE WAKE OF THE FAILURE OF THE TWO-STATE SOLUTION

Hassan A. Barari

*It is difficult to avoid the realization that the two-state solution, the optimal solution for Jordan, may no longer be an option. Indeed, Israeli domestic politics has become the key impediment to the two-state solution. This should be bad news for Jordanians who feel that the failure of the two-state paradigm will have grave consequences for Amman in years to come. Amman should not be oblivious to this predicament and should therefore be ready to grapple with this unfolding reality. It should rebuild its regional alliances to mitigate the impact of the failure of the two-state solution, reduce its bilateral relations with Israel and seek the support of the Arab League and the international community to keep funding the UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA).*

President Trump is expected to roll out his peace plan for the Middle East in 2019. The “deal of the century,” which does not mention a two-state solution and abolishes the right of return, is opposed by Jordanians. As Jordanians in general call for peace between the Palestinians and Israel, no one talks with any level of certainty about the elephant in the room: the future presence of Palestinian refugees in Jordan. Implicit in the Arab Peace Initiative is the Arabs’ readiness to give Israel a veto power over the refugees’ right to return. Other than reiterating the mantra that the two-state solution is the optimal scenario for Amman, politicians do not allude to the consequences of a likely failure of this paradigm for Jordan.

Jordan is portrayed, especially in Western countries, as a moderate country that has been an anchor of peace and stability in the region. Even Israeli policymakers refer to Jordan as the best of neighbors (or best of enemies). This being said, Israeli policymakers have been too obsessed with internal dynamics that will eventually make a two-state outcome close to impossible. Consequently, Jordan will have to

prepare for a failure of the two-state paradigm. Short of doing so, Jordan will run the risk of being taken off guard and thus mismanaging the failure of the two-state scenario.

In Jordan, some believe that the country’s national security would be compromised if the Palestinians fail to establish an independent and viable state of their own. They suspect that Israel will avoid the bi-national state. Moreover, if Israel seeks to keep land minus population, Israel may resort to expelling the Palestinians. Transfer would be a nightmare for Jordanians. One of the main concerns in Jordan is that Amman’s traditional allies may put pressure on Jordan to accept a solution that will run against its national interests.

#### Israeli Domestic Politics

Given the dramatic shift towards the right in Israeli politics, any peace agreement that entails Israeli territorial concession in the West Bank and East Jerusalem is a hotly debated issue. Therefore, the notion of a two-state solution is hardly visible in the Israeli public discourse. Any prime minister who fails to take this into account may not survive politically and, in the case of Rabin, physically. Rabin was assassinated in 1995 by a right-wing Israeli student for signing the Oslo accords. For this reason, part of the problem is Israeli domestic politics. In 2000, Israel came up with what could be termed as the Herzliya Consensus, which represents an agreement among the Zionists regarding the grave demographic threat embodied in the looming Palestinian majority in the area between the Mediterranean and the Jordan River. Professor Arnon Soffer from Haifa University played a crucial role in articulating the demographic picture. His main thesis is that Jews will constitute only 42 percent of the population of historical Palestine with a total population of 15.2 million by the year 2020.<sup>1</sup>

Given successive Israeli governments’ adamant rejection of the idea of a bi-national state, as floated by some Palestinian academics and intellectuals, Israelis may do what it takes to preempt what they perceive as a terrifying development. Public debate and polls in Israel indicate that Israelis perceive bi-nationalism and security as the country’s most pressing challenges. The working assumption among Israelis is that maintaining Israeli control over the Palestinian territories in the absence of a political two-state solution will result in a de facto bi-national state with

<sup>1</sup> Arnon Soffer, Israel, Demography 2000-2020: Dangers and Opportunities [in Hebrew] (Haifa University: Center for National Security Studies, 2001).

Jews constituting a minority. That said, Israel has yet to take the steps necessary to facilitate the establishment of a Palestinian state. But as long as Israeli policies towards the peace process are held hostage to the demands of the settlers, the chances of taking such a logical step are low. A quick look at the settlement activities demonstrates how settlers inform Israel's policies that are detrimental to the peace process.

Much more troubling is that some Israelis, such as Giora Eiland (a former Israeli military general and a top security expert) have suggested a new paradigm for resolving the conflict with the Palestinians. The new argument is that given the developments over the last decade and a half, the chances for a viable Palestinian state are slim. Reflecting this new thinking, Eiland published a study promoting what he calls the regional solution.<sup>2</sup> According to this scenario, the West Bank will be ruled by Jordan. He argues that if Israel were to pull out from the West Bank, Hamas would take over within a short period of time. Indeed, a Palestinian state in the West Bank run by Hamas could pose unbearable security challenges for Israel. Eiland bases his argument on the notion that if secular Palestinians living in the West Bank had to choose between Hamas or Jordan, they would certainly choose Jordan.

### Jordan on the Receiving End

It is hard to find an explicit or implicit advantage for either the Palestinians or the Jordanians in such a regional solution. While Eiland thinks that this is the best alternative to the two-state solution, his proposal does not sufficiently consider Jordan's internal sensitivities. In fact, a more activist Jordanian role in the Palestinian territories is very likely to have grave ramifications for the Kingdom's domestic equilibrium. The last thing Jordan needs is to be seen as if it were replacing the Israeli occupation or fulfilling the role of the Palestinian Authority. The bottom line is that Jordanians will not accept any solution short of a two-state solution, and any other alternative will be always viewed in Jordan as another strategic threat to its long-term well-being.

The apparent failure of the peace process has led many analysts to ponder what role Jordan, if any, can play in the West Bank. Many also question whether Jordan should intervene and, if so, under what conditions. Such questions tend to link Jordan's moves

in the region to the changing dynamics in the Palestinian political arena. For some Israeli politicians, the Palestinians' failure to unite behind one strategy should lead, inter alia, to direct or indirect Jordanian involvement in the West Bank. But this view shows a lack of appreciation regarding the evolution of Jordan's strategic thinking over the last two decades. Projecting Jordan as a fence-sitter, waiting to step in should the Palestinians fail in their state-building endeavor, fails to capture the complexity of Jordanians' threat perception.

## Jordanians will not accept anything short of a two-state solution

Most Jordanians argue openly that a two-state solution is the best option. Over the years, a national consensus has emerged that the failure of the two-state paradigm would pose a threat to Jordan's national security. Ironically, Jordanians have yet to outline what their country would do if an independent Palestinian state does not materialize. In other words, what is Jordan's "Plan B" for dealing with the West Bank if the Palestinian Authority (PA) collapses and mayhem ensues – or worse, if Hamas takes over in the West Bank? Or what if the status quo continues unchecked for years to come? In any case, various outside observers have come up with answers of their own. As a result, two troublesome ideas have resurfaced in discussions over the past three decades: namely, a confederation between Jordan and the Palestinians, and the so-called "Jordanian option," in which parts of the West Bank would be returned to Jordanian control.

Neither of these Israeli ideas reassures Jordanians. Therefore, it has become axiomatic for Jordanians to say that their country faces one threat: Israeli policies towards the peace process. Indeed, a plethora of articles have been published to emphasize this particular point. It is important to clarify how Jor-

<sup>2</sup> Giora Eiland, *Regional Alternatives to the Two-State Solution* (Bar-Ilan University: The Begin-Sadat Center for Strategic Studies, 2010).

danians perceive the threat posed by the persistent Israeli-Palestinian conflict or by any solution other than a two-state one. Like the majority of Israelis – who support an independent Palestinian state as a means to ensure the Jewish and democratic nature of Israel and to avert a one-state solution – Jordanians support a two-state approach in order to avert the possibility of Jordanian-Palestinian unification. It is a common argument among Jordanians that unification with the unviable remaining parts of Palestine would render Jordanians a minority in their own country – a doom-and-gloom scenario for most of them.

The running argument in Jordan these days is that Israel seeks to resolve its demographic nightmare at the expense of Jordan. Indeed, a growing number of Jordanians believe that Israel is seeking to revive the concept of the Jordanian option which, if it ever materializes, would chip away at any chance for Palestinians to exercise their right to self-determination. The predicament that both Israel and Jordan have to contend with, albeit for different reasons, is that the demographic time-bomb is ticking west of the Jordan River. The lack of a solution will lead to a Palestinian majority in the area between the Mediterranean and the River, thus converting Israel into a bi-national state. According to this line of thinking, Israel might go as far as to force the transfer of Palestinians to Jordanian territory in order to uphold a Jewish majority in Israel. Such an act, if it ever comes into fruition, will clearly tip the delicate demographic balance in Jordan. Still, such a pessimistic scenario, logical as it may sound, can be averted only by establishing a Palestinian state within the 1967 border. For this reason, Jordan has meticulously and scrupulously lobbied world leaders, particularly the US, in favor of a two-state solution as the only recipe for stability and security of Jordan in the changing region. Thus far, Jordan has not been successful in pushing for a two-state solution.

### Recommendations

Casting politics aside, the two-state solution serves the interests of both Jordan and Israel. Unfortunately, time is running out on the two-state solution and Jordan should therefore act on the assumption that it will not come about.

*- Make it clear that Jordan will not accept resettling Palestinian refugees and that the refugees are to return*

King Abdullah II has announced this position on various occasions but there is a need to raise Jordanians' awareness of the need to help refugees practice the right of return. A step in that direction entails granting the refugees Palestinian passports. To do so, Jordan should seek the blessing of the Arab League and the Islamic Conference Organization so that a Palestinian passport is recognized as a travel document for all refugees.

*- Focus on the Arab scene*

It is of vital interest to establish common ground among Arab leaders when it comes to the Arab-Israeli conflict endgame. American engagement in the conflict remains critical. In Israel, there is unanimity among various political parties that the US is the only third party that can influence the situation. Unfortunately, President Trump has proved that he is not interested in a two-state solution as defined by the Clinton parameters. Here, Arab leaders should warn the American administration that it is losing its status as an honest broker.

*- Seek the support of the Arab League and the international community to keep funding UNRWA*

The US has announced it would defund the UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA), which has mitigated the impact of hosting Palestinian refugees. Since the US is the biggest contributor to the UNRWA budget, Jordan must act to secure other states to fill in.

*- Reduce bilateral relations with Israel*

Doing so would send a clear message that Israel cannot have healthy normalization while denying the Palestinians a state of their own. Furthermore, Jordan needs to reconsider security cooperation with Israel.

*- Make it clear that Jordan would not play any role in the West Bank*

Implicit in Israeli policies towards the Occupied Territories is that one day Jordan will have to step in to take control of the residues of the West Bank. In other words, Israel's rejection of a two-state solution is rooted in its perception that Jordan would be ready to play a role. For this reason, it is of paramount

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importance for Jordan to make it perfectly clear that under no circumstance will it play any security or political role in the occupied Palestinian territories.

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## PALESTINIAN VOICES AND AGENCY IN THE TIME OF THE “DEAL OF THE CENTURY” – BUILDING STRONGER NARRATIVES AND NETWORKS

Tamara Taher

*As the political situation in the Occupied Palestinian Territories (OPTs) and the Palestinian question in the MENA region face increased tension and human and collective rights violations, Palestinians are excluded and sidelined from the political arenas where international and regional actors are planning decisions on the Israel-Palestine conflict. Yet Palestinian agency and narratives continue to exist, and can be located by viewing the situation through a bottom-up lens, one that focuses on their action in civil society and the question of memory. In Jordan, support for Palestinian rights and existence is widespread. Greater support for and attention to the Palestinian narrative is key to a political solution that addresses the grievances of actors in the Israel-Palestine question. This can be achieved through the promotion of cultural and educational work on Palestinian issues, by better networking between civil society organizations and actors in Jordan, the region, and around the world who address the dimensions of Palestinian collective memory and human rights, and finally, through the interaction of such actors with stakeholders on different levels, from regional to international organizations.*

As the Palestinian people in different geographical areas and around the world commemorate the 71st anniversary of the Nakba in May 2019, their demands for recognition, self-determination, and rights are sidelined and ignored by the international community and in the region. The situation in the Occupied Palestinian Territories (OPTs) and in Palestinian refugee camps in neighboring countries is characterized by growing challenges and difficulties. The deterioration of the Palestinian condition over recent decades has thus led many to define the “catastrophe” today as a continuous process (*Nakba mustamirra*), instead of seeing it as a past event to simply remember.

As well as regional conflicts, cuts in funding for the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA), and Israeli policies approving the construction and expansion of illegal settlements in the West Bank, Palestinians also endure the twelve-year siege of the Gaza Strip and the US administration’s recent positions on Jerusalem and the Golan Heights, as well as its plans regarding the regional peace process. Almost three decades after the Oslo Peace Accords, the recently proposed US “deal of the century,” which resonates with the positions of the newly re-elected Likud party in Israel, reiterates the obliteration and denial of Palestinian rights, existence, and grievances, while also disregarding international, humanitarian, and human rights law. While the plan has not yet been officially released, it is expected to be published over the summer,<sup>3</sup> and some details have been revealed via US administration comments. Over the past few months, the international and regional press have often focused on the deal in terms of economic opportunities and investment,<sup>4</sup> and discussed its disregard of Palestinian statehood and other major political issues.

Another alarming development for Palestinians is the likely US support for Israeli annexation of illegal settlements in the West Bank.<sup>5</sup> At the Bahrain Conference in Manama on June 25–26, 2019, where the US unveiled the economic part of the deal,<sup>6</sup> Palestinians all around the world voiced their opposition to the plan, and pro-Palestinian rallies were held in many cities, including Amman<sup>7</sup> and many others in the MENA region, often using the slogan: “Palestine is not for sale.”<sup>8</sup>

In this complex situation, in which the Palestinians are also affected by political and territorial fragmentation, there is little space left in political and international arenas for their perspectives, political demands, and narratives to be heard. Nor is there any opportunity to achieve a viable and sustainable solution that recognizes and pursues their fundamental rights, including the right of return, stated in the

3 “US to reveal economic part of Palestine peace plan in Bahrain,” Al Jazeera, May 20, 2019 <<https://www.aljazeera.com/news/2019/05/reveal-economic-part-palestine-peace-plan-bahrain-190519191752420.html>> (accessed July 9, 2019).

4 “Palestinian state likely not in US proposed peace plan: Report,” Al Jazeera, April 15, 2019 <<https://www.aljazeera.com/news/2019/04/palestinian-state-proposed-peace-plan-report-190415102708404.html>> (accessed July 9, 2019).

5 Several regional and international news agencies, papers, and commentaries have written about this, including The Washington Post, Al Jazeera, RT, Telesur, The Guardian, Middle East Monitor, and so on. See, for example, “US ambassador: Israel has right to annex parts of West Bank,” The Guardian, June 8, 2019 <<https://www.theguardian.com/world/2019/jun/08/us-ambassador-israel-david-friedman-west-bank-annexation>> (accessed July 9, 2019).

6 “US-led Bahrain meeting on Palestine,” Al Jazeera, June 26, 2019 <<https://www.aljazeera.com/news/2019/06/led-bahrain-workshop-palestine-latest-updates-190624092422392.html>> (accessed July 9, 2019).

7 Daoud Kuttab, “Jordanians protest against Bahrain economic workshop,” Arab News, June 23, 2019 <<http://www.arabnews.com/node/1514346/middle-east>> (accessed July 9, 2019).

8 “‘Palestine is not for sale’: Palestinian Representative to UK slam Kushner peace plan,” Euronews, June 25, 2019 <<https://www.euronews.com/2019/06/25/palestine-is-not-for-sale-palestinian-representative-to-uk-slams-kushner-peace-plan>> (accessed July 9, 2019).



United Nations General Assembly Resolution 194 of December 11, 1948.

### Palestinian Voices in Civil Society

The exclusion of Palestinians from decision-making processes concerning their cause and their lives, both on the individual level and as a people, has not meant the absence of their agency and determination. Their narrations, aspirations, and demands can be found and highlighted if a bottom-up approach to politics and society is adopted, and if the role and space of “civil society” is acknowledged as a political one.

Using such a lens can allow for the location of different narratives and practices concerning the Palestinian question with respect to the referenced top-down decisions. This would open up the space and bring attention to the active Palestinian role by looking at civil society actors, grassroots organizations, intellectuals, artists, and initiatives that foreground the lived and inherited experiences of Palestinians, their actual needs, their ideas on the Palestinian question, and the political situation they currently endure. These actors prove the Palestinians’ ability to reclaim their right to narrate their own stories instead of continually being spoken for.<sup>9</sup> Their voices are relevant in that they help construct counter-hegemonic discourses and practices with respect to the top-down politics and narratives that deny their existence. In their ability to narrate their experience, histories, places, and connection to the villages and cities of Palestine, Palestinians all over the world prove that their existence is their resistance.

These kind of actors and narratives can be found in different spaces, not only inside the West Bank and the Gaza Strip, but also in the surrounding countries and in the Palestinian *shataat* (diaspora). This variety of geographical positions and experiences produces diversified narratives on the Palestinian question and the Israel-Palestine conflict which highlight the relevant issues that Palestinians live and conceive differently according to their contexts. For several reasons, Jordan today is an important and significant space for such actors. Not only is it inhabited by a large number of Palestinian refugees registered with

the UNRWA (hosting ten refugee camps),<sup>10</sup> as well as a high number of Jordanian citizens of Palestinian origin who have connections to families in the OPT cities and villages, but it is also a relevant regional actor that holds the custodianship of the holy sites in Jerusalem. Jordan is thus one of the regional contexts significantly affected by the outlines of the “deal of the century.”

## Excluding Palestinians from decision-making has not meant the absence of their agency

### Palestinian Memory, Narratives, and Practices in Jordanian Civil Society

Jordanian society has expressed solidarity with the Palestinian people’s plight on countless occasions over the past decades, and mobilizations and support are found across all sectors of Jordanian life, from the public to the private sphere. Whenever tension heightens in the West Bank, the Gaza Strip or Jerusalem, Jordanian society has mobilized to support the Palestinian population in different ways, through rallies, demonstrations in cities and in universities across the country,<sup>11</sup> and longer-term campaigns in support of Jerusalemites and Muslim and Christian holy sites in Jerusalem.<sup>12</sup> Many campaigns have also been undertaken to support Palestinians in the Gaza Strip by providing them with daily needs, financial support, or urgent assistance during Israeli offensives. One example of such was the “One Family 4 Gaza” campaign in 2014, which aimed to put Palestinian families who had lost their homes and needed urgent help in contact with donors in Jordan who could provide them with financial aid.<sup>13</sup>

Initiatives and projects in support of Palestinian heritage, memory, and rights are not confined to specific

9 E. Said, “Permission to Narrate,” *Journal of Palestine Studies* 3 (1984), pp. 27-48.

10 “Where we Work,” United Nations Relief and Works Agency <<https://www.unrwa.org/where-we-work/jordan>> (accessed July 10, 2019).

11 Suzanna Goussous, “University students around Jordan express solidarity with Palestinian resistance,” *The Jordan Times*, October 13, 2015 <<http://www.jordantimes.com/news/local/university-students-around-jordan-express-solidarity-palestinian-resistance>> (accessed July 10, 2019).

12 One example is the solidarity campaign with Al-Aqsa at the University of Jordan.

13 M. Ghazal, “Campaign connects donors directly with Gazans in need,” *The Jordan Times*, August 9, 2014 <<http://www.jordantimes.com/news/local/campaign-connects-donors-directly-gazans-need>> (accessed July 10, 2019).



All these initiatives and different kinds of actions and subjects are an indication of Palestinian resilience and existence in different spaces and places throughout 71 years of the ongoing Israel-Palestine conflict. While on the regional and international political level, narratives about the peace process and the fate of the parties involved in the conflict are outlined from above – using a top-down approach that pays little attention or consideration to the real and lived needs and aspirations of millions of individuals – looking at civil societies in the region and in Jordan opens up space for people’s perspectives, efforts, and positions.

Such initiatives and actors, though, cannot have a meaningful impact if they are not organized, inter-linked, and connected in a more systematic way. Palestinians in the region and in Jordan have been able to preserve and prove their connection to their land and their history for decades. During a time of multiple new illegal Israeli settlements on their lands, expulsion from Jerusalem, and plans to further deprive Palestinians of their human and fundamental rights, working on the construction of stronger and broader knowledge of Palestinian narratives and history is one way to counter hegemonic projects aimed at excluding them completely from decision-making on their lives. Palestinians exercise an active role in demanding and calling for their rights, and in telling their history and re-appropriating it as an active means of their political agency.<sup>23</sup>

### Recommendations

Geographical and political fragmentation are issues at the heart of the Palestinian condition today, which means that connecting and working together, as well as organizing wider and more in-depth knowledge, are fundamental steps towards improving the effectiveness and outreach of Palestinian voices. Paying attention to the kind of experiences outlined above is thus particularly important, as longer-term and more systematic, interconnected, and better organized support for Palestinian cultural and memory work is a key element for strengthening the Palestinian narrative. Making Palestinian narratives matter regionally and internationally would open up space for effective Palestinian political action concerning their condition and demands. Such an outcome may eventually lead to pressuring states in the region, as well as the international community, to take a stand

and support their demands and rights more actively. At the same time, these groups and actors need to focus on passing on and consolidating knowledge about Palestinian history and memory to younger generations.

## Geographical and political fragmentation are at the heart of the Palestinian condition

### - Educate on Palestine

Exhibitions of photographs, oral history projects, and initiatives focusing on folklore, heritage, and geography need to be shown in schools and universities more often, and this need can be addressed by different actors. Student groups and associations can engage creatively with universities’ and schools’ administrations in selecting and organizing such events, while teachers at all levels of the education system can invite experts, artists, and associations who work on such projects to their classes. These actors can further engage young people by making their activities and exhibitions interactive or more accessible through discounts and offers on tickets and participation.

### - Share knowledge and make archives accessible

Cultural organizations and publishers – in Jordan and the region – should promote the creation of online archives and resources, or publications, where people can access and find references to the information presented in exhibitions about Palestinian heritage, history, and memory (one example could be *Darat Al Funun* which often works on these topics with exhibitions or museums). This could also be promoted by universities around the country or through local or international research centers who work on the question of Palestine. Useful contributions could also be carried out by local and regional media outlets and channels, which often already pay attention to these

23 R. Rubeo, “A People’s Historian: Ramzy Baroud on Journalism and History and Why ‘Palestinians Already Have a Voice,’” Counterpunch, June 8, 2017 <<https://www.counterpunch.org/2017/06/08/a-peoples-historian-ramzy-baroud-on-journalism-and-history-and-why-palestinians-already-have-a-voice/>> (accessed July 10, 2019).

initiatives. In the Jordanian context, local TV channels could work on making educational shows and programs on Palestinian heritage and history, featuring Palestinian artists, exhibitions, cultural associations, and so on.

*- Enhance networking from the local to the international level*

Associations, groups, organizations, and exhibitions working on Palestinian memory, space, history, and heritage need to create networks and connections with groups working on similar topics and issues in other countries in the region, the OPTs, and around the world. This can help bring the attention of a wider global audience to the issues at the heart of the Palestinian condition today. Such networks can be promoted, for example, around topics such as “fair trade,” as in the case of the promotion and connection of Palestinian agricultural cooperatives and their products with similar initiatives around the world.

*- Create occasions to meet*

The organization of meetings between groups from different countries and regions could help create spaces and times to learn about and discuss the Palestinian question today. This is often done by Palestinian communities and organizations in Europe or the US. Annual or specific issue conferences are organized and attended by numerous and different actors (civil society organizations, academics, students, practitioners, experts, members of communities, activists, and so on) who thus have an opportunity to discuss and learn about Palestinian issues, address main themes concerning human and fundamental rights, and meet and listen to scholars and experts on the matter. Similar meetings for actors working on Palestine in the region can offer a way of widening knowledge about Palestinian history, current issues, and challenges. They can also represent platforms that offer new ways of thinking about the Palestinian question and of imagining political, economic, and social practices and solutions.

*- Address the international community through engagement and involvement of international organizations and NGOs*

Civil society actors need to engage international organizations, associations, NGOs, and diplomatic figures in their cultural and intellectual initiatives on Palestine and Palestinian experiences and rights, in order to widen their audience and attract the

attention and action of the international community. Involving and co-organizing with such actors could open up space for Palestinian voices in the international arena and bring them to the attention of international actors. At the same time, engaging such international actors could help inform their positions on the question of Palestine in a more grounded way, and make them more attentive and able to address the real needs and aspirations of the Palestinians.

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