

# ARIES

Assistance to  
Resource Institutions  
for Enterprise Support

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JORDAN  
SMALL BUSINESS DEVELOPMENT  
PROJECT  
PHASE II

*Sponsored by the*  
U.S. Agency for International  
Development

Contract DAN-1090-C-00-5124-00

*Directed by*

Robert R. Nathan Associates, Inc.

October 30, 1987

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*The views and interpretations in this publication  
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to the U.S. Agency for International Development.*

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## Assistance to Resource Institutions for Enterprise Support

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The ARIES project is designed to strengthen the capabilities of support organizations in developing countries to implement small-scale and micro-enterprise development programs. ARIES builds on the work of the Agency for International Development's former Program for Investment in the Small Capital Enterprise Sector (PISCES) and Small Business Capacity Development projects. It works with intermediary support organizations that provide services to small and micro-businesses and industries, such as private voluntary organizations (PVOs), banks, chambers of commerce, management training centers, business people's organizations, and other developing country government and non-governmental organizations (NGOs).

The contract for this five-year project has been awarded to Robert R. Nathan Associates, Inc. (RRNA) with subcontractors Harvard Institute for International Development (HIID), Control Data Corporation (CDC) and Appropriate Technology International (ATI).

ARIES is core funded by the Bureau for Science and Technology's Office of Rural and Institutional Development (S&T/RD) and the Bureau for Food for Peace and Voluntary Assistance's Office of Private and Voluntary Cooperation (FVA/PVC). Mission funded technical assistance represents \$3.8 million, or almost three-fifths of the five-year budget of \$6.8 million.

The ARIES project has three major components -- research, training, and technical assistance -- designed to cross-fertilize each other. The applied research component focuses on economic, social, and organizational issues surrounding intermediary support organizations to inform AID missions and host country actions in this subsector. The training component includes design, testing, conduct and follow-up of training programs in such areas as finance, management and evaluation for PVO and NGO personnel. The technical assistance component provides short-term technical assistance to AID missions and intermediary organizations to assist small and micro-enterprise development.

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## INTRODUCTION

The reports presented here are the result of a design effort for a Small Enterprise Development Project in June and July, 1987. The mandate of a team provided by Robert R. Nathan Associates, Inc. (RRNA) was to draft a Project Paper for a project to be approved in FY 1987. This was a follow-up to an earlier assignment by an RRNA team in March and April, 1987 in which a Project Identification Document was developed.

The Small Enterprise Development Project did not go forward as planned in FY 1987 because of differences between the Government of Jordan and USAID concerning the scope and orientation of the prospective project. Following the decision not to go forward USAID requested a concept paper to highlight the main points of the project being designed.

The project under development at the time was an integrated credit, research, and training program for small businesses. The principal portion of the Project was to be a program to provide partially guaranteed credit for working capital to proprietors of small and micro-businesses. The instrument for delivery of credit was similar to a credit card issued to small businesses. The card would be honored by participating suppliers who had

established business relationships with small businesses. Participation of Jordanian banks was to be invited through an investment guaranteed by USAID. Administration of the program would be conferred on financial institutions through a negotiated bidding process.

A key supporting element of the Project was to be an applied research program. The focus of research was to be on very practical topics of concern to small businesses. Examples of such topics include marketing studies, identification of growth sectors suitable for small businesses investment, technical studies, assessment of impact of macro-economic policies on small businesses and similar topics.

A third element of the Project was to be training for small businesses and for small business organizations. Examples of the types of training to be provided include product merchandising for grocery stores, consulting services on how fruit sellers can handle produce to preserve freshness, inventory control methods for auto parts suppliers, planning and budgeting for business associations, and similar practical areas.

Project management and administration were to be handled by a Small Business Institute, which would also coordinate and manage the research and training components. Project activities were to be focused through intermediaries such as business associations, voluntary organizations, and other similar groups.

The contents of this report are concept papers on four different aspects of the contemplated project plus a summary write-up of 50 interviews conducted with small business owners during the design of the project. Although the concept papers are mutually supporting, each paper can also stand alone.

Part 2 is an outline of the proposed credit program and the considerations which are vital to the design and operation of the program. Part 3 is a conceptual outline of a suggested approach to assisting new businesses in start-up situations. Part 4 puts forward a recommended strategy for developing female entrepreneurs in Jordan. Part 5 summarizes tabulations done on interviews with 50 small business owners in Amman. The last chapter discusses the uses and limitations of data collected by the SARSA Project for project design.

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## 2. A CREDIT PROGRAM FOR JORDANIAN SMALL BUSINESS

Small businesses in Jordan range in sophistication from street vendors and seamstresses to architects, doctors, and restaurant owners. Some small firms have virtually no capital -- others have assets of several hundred thousand dollars. One entrepreneur may work alone and another may employ a staff of two dozen. This paper presents a concept for providing assistance to certain deserving small businesses that do not now receive bank financing. Bankers, suppliers, small business people, and government officials have discussed the plan. The idea is still controversial and a consensus must be developed in financial and governmental circles before the program may be put into practice.

The controversy about this proposal focuses on two questions:

1. Are there enough deserving small businesses outside the banking system that would use the program? Some commercial bankers say yes. Others disagree. The government controls market research in Jordan and has not approved a survey which could resolve this question. Discussions with intermediary organizations suggest strongly that a clientele exists for the program, but proof is lacking.
2. Would a program for small, unsophisticated businesses have an appreciable effect on the general level of employment in Jordan? Couldn't this money be spent in

a better way? Without reliable statistics and a survey of small enterprise, these questions cannot be answered precisely.

In general, this proposition has elicited favorable comments from suppliers, guilds, associations of small businesses, and bankers with retail operations. Uncertain or negative opinions have been received from commercial bankers and government officials.

This proposal might be executed on a small scale with institutions that have expressed interest. However, the main goal of the program is to improve quickly the national infrastructure for retail lending operations by developing systems for credit information, collections, and loan processing, and this cannot be done without full support from the major banks and the government. The funding suggested for this program, \$5 million, is insufficient to have a significant impact and raising meaningful amounts is not possible without the participation of the largest banks.

The Jordanian banking system is sophisticated and well-funded, entirely capable of developing the system proposed, or a similar concept, without help from USAID or the government of Jordan. Furthermore, some institutions are already working to promote retail banking operations, notably the Housing Bank and Petra Bank. Undoubtedly, improvements in this area will occur without special assistance. However, by supporting a program such as is suggested, the government could accelerate and insure the development of credit mechanisms for small enterprises.

### Definition of Program Beneficiaries

This program is aimed at supporting the activities of deserving small entrepreneurs by helping them to develop regular access to banks and other institutional sources of funds. The program does not extend to every enterprise:

1. Firms that already have access to regular bank financing are not primary targets of the program, although they are not excluded.
2. Firms whose owners would be unable to transact with a bank, even after training, are not contemplated as beneficiaries of the program.
3. Businesses with chronically negative cash flows, persistent losses, or incorrigible, incompetent management are not covered by the project.
4. Firms that do not qualify for bank financing because the owners lack moral integrity are not candidates for the program.

In other words, the program is restricted to worthy small businesses that have problems in obtaining financing, but that might be assisted in obtaining normal access to banks without a subsidy for special moral or credit risks. There are four main reasons why these firms are currently not served by the banking system:

1. Firms need equity financing before they qualify for bank loans. Requests for fixed asset or working capital loans often disguise a need that should be met by equity funding. Commercial banks are not designed to provide equity financing. The capital market can furnish equity only for large firms. The traditional source of equity for small business is family and friends.
2. Many business owners are not aware of the availability of financing or how to get it. Although precise figures are not available, financing now extended to small business by the banks is conservatively estimated at more than \$50 million. In fact, most bankers

interviewed did not immediately perceive any need for a special USAID program to support credit to very small enterprise. Most bankers suggested that financing is available for firms of any size, as long as the borrower is qualified.

3. Many firms have needs that are smaller than the minimum loans that banks are organized to handle efficiently. Consequently, unless the borrower has a certain degree of sophistication in approaching a bank, he may never be aware of the possibility of financing, since banks are not marketing very small loans. Because of the lack of an efficient credit information system extending to very small firms, banks tend to expand their client base slowly and with caution.
4. Many businesses pay their debts promptly but are unable to demonstrate this favorable history due to the lack of an efficient system through which banks may quickly verify the credit rating of very small borrowers.

Resolution of these four problems calls for training, credit guarantees, development of a credit information system, and creation of models for new ventures.

### Barriers to Small Business Finance

#### Undeveloped Retail Banking Methods

The banking system in Jordan has become increasingly liquid as a slowdown in the economy has provided more deposits than demand for loans. There is no shortage of funds that could be channeled to small firms. Most banks already serve small borrowers to some degree. A few have special interest in small loans. Noteworthy in this group are the Housing Bank, Petra Bank, the Jordan Islamic Bank, the Industrial Development Bank, and the Cooperative Bank. Most banks, however, concentrate their services on larger firms.

Most banks in Jordan earn the largest share of their profits from a restricted number of clients, typically less than 500 per institution. This matches the normal pattern of commercial

banking throughout the world. In order for an institution to handle thousands of small loans efficiently, it must be structured as a retail bank. Retail and commercial banking are quite distinct activities, involving different skills and methods. Banks that deal in both activities often set up formal commercial and retail banking departments and even designate certain branches for retail or commercial clients.

Commercial bank lending is labor intensive. It would not be unusual for a bank to expend six person-months per year in monitoring a lending relationship with a single client. Usually a credit officer is placed in charge of the account. Periodic visits are made to the customer's place of business. Loan applications are reviewed in detail by a credit department. Credit investigators check with suppliers and other banks. Financial statements are analyzed in accordance with the bank's criteria. Finally, the loan may be approved by a committee of experienced loan officers. Operational departments take over the job of preparing loan documents, safekeeping collateral, collecting trade bills, and other details. Each year the client's credit is reviewed. Internal bank auditors verify that all procedures have been followed and classify the quality of the loan after the fact.

In Jordan, regulations set the maximum interest and fees which banks charge borrowers as well as maximum interest rates on savings deposits. The spread between these limits is 2.25 percent. On a \$1,000,000 loan, a bank has a theoretical spread of \$22,500 to cover expenses and loan loss reserves. The actual spread may be higher, since some deposits do not pay interest (the true cost of funds is not available for analysis). In any event, the labor involved with a \$1,000 loan is not significantly different from that of a \$1,000,000 loan, if the same quality of credit is to be achieved. Obviously, with a spread of only

\$22.50, the \$1,000 loan cannot be handled in the same way as the \$1,000,000 transaction.

Unless an institution uses retail banking methods, the only way to avoid the cost of credit evaluation is to demand excessive collateral. Therefore, although a banker may appear ultra-conservative and unsympathetic to small firms by demanding collateral that might not be asked from larger clients, the underlying cause of this behavior is a lack of a retail banking product in the bank's marketing program. A credit guarantee can serve as a substitute for collateral, but this simply transfers the problem of the cost of loan evaluation to the guarantor.

Retail bankers solve the problem of high lending costs in a variety of ways. The principal technique is to increase the interest on the loan. In the United States, consumer credit may carry rates of 18 percent at a time when prime commercial loans only cost 8 percent. In Jordan, this solution is not practical because of usury laws and strong cultural and religious opposition to interest, although a higher return on invested funds is possible under Islamic banking than under secular commercial lending. Debit cards also avoid the interest restrictions by employing merchant fees and a high turnover to earn adequate returns. Therefore, at least for short-term financing, an imaginative banker can achieve sufficiently attractive returns to justify retail lending.

The second technique of the retail lender is to use less rigorous credit appraisal techniques and to accept a higher loss rate. Commercial lenders may expect losses of one-half of one percent on a diversified portfolio of 400 borrowers. A retail banker may aim for a loss ratio of 2 percent on a portfolio of 2,000 borrowers. Retail lenders employ credit officials with less experience, skip the analysis of financial statements, and employ statistical 'point systems' and credit bureaus to appraise

risk. The higher losses on small loans do not reflect a greater risk from small borrowers as much as less care by the banker in making the loan. As long as the lender is able to increase interest charges, these greater losses can be absorbed.

The third technique of retail bankers is to rationalize and standardize the lending process. They package loans into standard types which are easier to handle and evaluate. Whereas the commercial banker might tailor a loan closely to fit a client's special needs, the retail banker will offer a packaged product, such as an automobile loan, designed to serve many clients in a uniform manner. A particularly efficient system to reduce the cost of retail lending is a credit card which permits loans to be extended without the client even visiting the bank.

The retail banker turns the large number of small clients to his advantage. Large numbers permit statistical evaluation of credit risks. A sizeable market also encourages investment in system development costs and processing equipment. A major problem in Jordan is that the size and nature of the small business market is not clearly delineated. Market research must have government approval and current statistics are scarce. Unless bankers are convinced that the retail market is worthwhile, development of formal retail banking products will be postponed.

Without reliable data, estimating the potential market for small and micro enterprise financing is largely guesswork. Based on the scanty information available, an educated guess of the market for lending to small businesses that are currently outside the system would be about \$300 million. Excluding the Arab Bank and the Housing Bank, the two largest institutions, the market share for each of the remaining 15 banks would be only \$8 million, not enough to justify individual efforts to develop independent retail banking departments. The Housing Bank already

has a retail orientation to its operations. With approval of the Central Bank, it could develop retail products aggressively. The Arab Bank is a large international commercial bank, with some retail activities and the resources to develop this market alone, if it so wished. Petra Bank has been active in experimenting with the development of new retail banking products. In time, one or more of the Jordanian banks will probably develop retail banking products that will adequately serve the majority of deserving small and micro businesses. It is also likely that many banks will never become active in retail banking simply because these operations are in conflict with and disruptive of commercial bank marketing. For example, a branch might have to be redesigned to handle retail traffic. A \$100,000 loan can be handled by a single platform officer dealing with a single customer; the same amount lent in \$1,000 mini-loans would bring in at least 100 people to the branch.

The GOJ and USAID, by supporting a small business lending program among private banks, can work as the catalyst to speed up the development of retail banking products. Such support can also contribute to the direction of the design of these products:

1. By encouraging the banks to work together in the development of retail products, rather than separately, not only will a larger pool of funds be achieved, but economies of scale may result in lower costs for the borrower.
2. A joint effort among banks provides the framework for a national network for distributing reliable credit information on small businesses. Such a network will provide the deserving, punctual payer with wide access to sources of credit among banks and suppliers.
3. The government program to stimulate regional development can be implemented in conjunction with the private banks by certain design features in the small loan program.

Retail banking has already started in Jordan and will probably continue to develop unassisted. However, government funding and backing at this stage should serve to accelerate development and ensure that emphasis is given to small scale enterprise and a regional distribution of beneficiaries.

### Barriers to Small Business Finance

#### Unsophisticated Borrowers

Small business owners in Jordan are undoubtedly similar to those elsewhere in the world: They are often unsophisticated in finance. Commercial bankers expect a certain basic financial knowledge from their clients. Even a small firm may obtain a loan without collateral from a bank by demonstrating sound financial ideas and techniques. Once retail products are widely available, the need for financial skills diminishes, since these products are designed for the general public. Without such products, however, the borrower needs the knowledge of how to approach the banks.

The complaint that commercial bankers will only lend against substantial collateral is usually the result of a misconception of how banks work and the requirements the loan officer must meet to justify a loan. If a small business owner approaches a bank with no prior deposit relationship, no business records, no credit references, and no clear plan how a loan might be repaid, the officer is virtually forced to require that the loan be covered by marketable collateral. In order to get a loan, the borrower must anticipate the needs of the loan officer, especially if the firm is small and unimportant to the bank. This operating procedure is a general rule; however, it should also be noted that in some cases individual loan officers demand excessive collateral because of misconceptions of bank policy.

Borrowers must also have an understanding of the various types of institutions and the services they offer. Commercial banks usually will not fund equity nor make long-term mortgage loans. Some banks are interested in small clients; others are not. A client might have a loan approved or disapproved according to the loan officer, branch, and bank that is approached.

If borrowers are illiterate or unable to grasp banking techniques, even with training, they must approach lenders through intermediaries, such as co-operatives, merchants, kin, or guilds that have the necessary skills.

A GOJ/USAID program to develop financing for small-scale enterprise should place a high priority on developing financial skills in this group. With the excess liquidity in the banking system, some additional financing could be arranged simply by training borrowers to approach lenders in the proper manner.

### Barriers to Small Business Finance

#### Lack of Understanding of Equity Funds

All businesses need capital funds that are permanently invested and are exempt from withdrawal by investors or lenders. Generally, equity finances at least 50 percent of a firm's fixed assets and working capital. The usual source of equity for small businesses is the savings of the owner, his family, and his friends. Many small firms suffer from lack of equity due to the owner's inability or unwillingness to arrange capital from these sources.

Equity funds fall into two categories: those needed to shore up or expand an existing business and those related to new ventures. The problems in raising equity capital for small business are as follows:

1. The investment concept to be financed is often unclear, untested, or uninteresting. Most new businesses fail. Many requests for equity financing of going concerns relate to businesses that have been initiated without adequate study and backing, now seeking funds to save a sinking enterprise. Not all businesses are salvageable or worthwhile.
2. Some owners who are reluctant to ask family and friends to invest, because the business is too risky, nevertheless hope to find a bank that will provide the funds. Entrepreneurs must usually demonstrate their own commitment to a project before they enlist investors.
3. Some entrepreneurs do not understand how to structure an investment proposal so that it is fair and attractive to an investor.
4. The main factor in the success of a new business is the entrepreneurial skill and character of the promoter. A mediocre project may succeed in the right hands, while an excellent project will certainly fail if not developed by someone with the proper talents. Even effective business people find it extremely difficult to identify who will be a successful entrepreneur and who will not.

It should not be the intention of this program to finance businesses that are poorly conceived or lack validation in the market. Rarely does a firm with expanding sales, good management, and a clear future encounter difficulty in arranging financing. Many businesses are simply not salvageable.

Three types of assistance are recommended for the equity financing of small business in Jordan:

1. Low cost business counseling should be made available to small firms. The purpose of this counseling should be to pinpoint the nature of a firm's difficulties and to suggest appropriate solutions, if possible. Many owners imagine their difficulty to be insufficient financing, when in truth the problem may be lack of a market or poor management. If there are excess taxicabs in Amman, no amount of credit subsidies, guaran-

tees or business training will solve the problem of excess supply. Usually it make more sense to simply point the small business person to greener pastures than it does to try salvage a hopeless situation.

2. Training should be available on how to raise equity financing among family and friends. This education would cover forms of business association, contractual relations among investors, and fiduciary and moral responsibilities of promoters. Most fixed asset and working capital needs must be financed with equity. To use government guarantees to encourage loans where equity is required is irresponsible and usually results in a total loss for the entrepreneur or pressure for continued government subsidies. Hundreds of industries in Brazil have fallen under government control or become dependent upon continued subsidized lending due to excessively liberal loan guarantees and subsidized interest rates in the 1960s and 1970s.
3. A special fund should be constituted to encourage the formation of replicable small business models in Jordan (franchises). The objective would be to create a supply of valid opportunities for those who want to go into business. These franchises would also fit into the government program for regional development.

The rapid growth of individual savings accounts and the substantial investments in private real estate indicate that there is no lack of funds for the equity financing of small business in Jordan. The problem is to mobilize these resources and use them wisely.

#### The Relevance of Credit Guarantees to Small Business Finance in Jordan

For many years, countries throughout the world have employed credit guarantee schemes to induce bankers to lend to small businesses. Usually the guarantee is intended to serve as a substitute for collateral or proper accounting records. Guarantees to risky borrowers, new ventures, or businesses with uncertain prospects almost always run into trouble. Some schemes are frankly intended to be a subsidy for small enterprises.

The goal set for a guarantee program for loans to small enterprise in Jordan is to avoid subsidized operations and to create a self-sustaining fund.

Information is incomplete on the loss rate on small loans in Jordan. From comments made by the Cooperative Bank, Petra Bank, and the Jordan Islamic Bank, a default rate of under 2 percent may be the case. This would be similar to experience with retail lending in other parts of the world. The Industrial Development Bank, however, reports defaults currently running as high as 25 percent. In any event, even if the default rate were 2 percent, this would be high relative to the 2.25 percent spread between loan and saving deposit rates.

A credit guarantee program operates on principles similar to insurance. The insured risk (default) must be diversified over a large population so that indemnities can be predicted with statistical confidence. The insured must not be allowed to adversely select coverage on only the riskiest cases. Banks are accustomed to evaluating risk. In fact, banks usually consider it their business to self-insure credit risk as they can do so more cheaply than a third party. Since Jordanian banks already loan to the more attractive small businesses, a guarantee of loans chosen by the bank would probably result in losses due to adverse selection of risks. Even a partial guarantee does not avoid this problem.

A guarantee on small business loans does not overcome the high cost of processing mini-loans by commercial banks. There are three reasons why a program of insuring loans made directly by banks to small business would probably be impractical in Jordan: (1) The spread between lending and deposit rates is too narrow; (2) The possibility of avoiding adverse selection of risk is remote; (3) The guarantee alone does not reduce the relatively high cost of processing the small loans.

There are three cases when credit guarantee schemes are justified and self-sustaining. The first is the insurance of catastrophic loss in which the actual risk is very small in relation to the premium. A case in point would be the political risk program sponsored by OPIC for United States investors overseas. The second case arises when the actual risk is far less than perceived by the investor, such as a guarantee given by a cooperative for loans made by banks to its members. Finally there is the case where the guarantor is essentially charging a fee for his own appraisal of a credit risk in situations where the investor does not have the time or ability to do so himself. Examples would be credit insurance on marketable mortgages or municipal bonds in the United States.

Since we have no reliable statistics on which to evaluate the risk of default on small business loans in Jordan, it is not possible to design a permanent, government-sponsored guarantee program on direct loans. If the 25 percent loss rate reported by the Industrial Development Bank is representative, any program would be impractical. If loss rates of 2 percent or less are the norm, as reported by other banks, then a variety of programs would be practical.

The paramount feature of small business lending in Jordan is the lack of information on the risks involved. There is not even a clear picture of the small business market and its needs. Therefore, the suggested use of loan guarantees under this project shall be primarily to encourage the accumulation of information and to develop a credit database on very small borrowers. This should be done in a format that unites the leading commercial banks under a jointly sponsored retail lending product that will be self-sustaining in the private sector if the credit experience during the guarantee period is satisfactory.

Loan guarantees to individual lenders on direct loans are not appropriate for the reasons already cited.

The Relevance of Small Business Financial Support to  
Immediate Problems in the Jordanian Economy

For several years, the economy in Jordan has been experiencing some difficulties. One reason has been the decline of investment activity in the Persian Gulf and the return of skilled labor, much at the managerial and technical level. The reduction of remittances has helped depress business activity. Returning workers often have difficulty in finding employment. The recession has also hit the cities and villages, encouraging migration to the capital. Without going into a detailed analysis, it is sufficient to say that events have caused the GOJ to focus attention upon unemployment, small business difficulties, and migration from the outlying regions to Amman.

The population of Jordan has grown rapidly in the last generation, but the market is still small and further restricted by trade and currency regulations. Small-scale enterprise is a natural course of development, especially since a high percentage of the population has superior education and skills. Many have gone into business without prior experience due to lack of regular employment in the private or public sectors. As a result, many enterprises are poorly conceived, reflecting more a desire of the owner to earn income than a rational evaluation of real market needs.

The programs suggested here are intended to provide lasting benefit to the economy. The impact is also designed to be far larger than the funds directly expended by USAID, principally due to participation of leading private sector banks. However, the program is not intended to solve all problems of small-scale

enterprise. To achieve maximum efficiency, round-about techniques are employed that require time to produce results.

In order to speed the implementation of the programs, the goal is to enlist the support of major Jordanian banks and enterprises. Organizations which are already experienced in developing financial systems can implement the program more efficiently than new institutions in which managers must be recruited and trained. Moreover, to enlist substantial private sector support, the program must be commercially viable and carry the full backing of the government.

With a highly efficient implementation group and full support from all sectors of the government, the program could be organized and operational in six months. By the end of the first year, given adequate promotion, as many as 5,000 small businesses could be involved in the program and as much as \$20 million in new financing might be arranged from banks and suppliers. Therefore, if substantial results are to be obtained in a relatively short period, the program should be given priority by the government and the most qualified group of private organizations should participate.

#### Assistance to Small Business through Supplier Credit

Many small businesses are able to establish unsecured credit with their suppliers in instances where bank credit is not available. A typical large supplier may extend credit of \$1,000 to 300-400 small enterprises. The supplier can deal in smaller credit transactions than a bank because his return is far greater. For example, a supplier operating with a 20 percent markup on goods that turn over four times a year achieves a gross effective return on these assets of 80 percent per year, compared to a maximum rate of 8.5 percent allowed banks on financial

assets. Therefore a supplier can borrow from a bank to finance sales to smaller customers than the bank could do directly.

The religious, cultural, and legal restrictions on interest and the perception of usurious applications of financial assets do not apply in the same sense to profits on investments in physical assets and merchandise. The most appropriate way to obtain the returns necessary for financing very small businesses would be some type of participatory arrangement with the supplier on the sale of merchandise. The basic solution proposed is that the banker purchases from the supplier and resells to the small business owner part of the value of a transaction, providing that the supplier is willing to share in the financing of the sale. The supplier would share his profit with the banker by allowing him to buy at a discount on the portion of the merchandise which is to be resold. The total amount of the transaction would be collected by the banker in the time agreed. The supplier would repurchase from the banker any merchandise which the customer might return.

Suppliers are limited by their own equity as to the amount of credit which they can safely give small clients. For example, a supplier with \$1,000,000 in capital funds might be able to borrow \$500,000 from banks to finance receivables. The same supplier might have 500 customers, with an average capitalization of \$25,000 and an aggregate capitalization of \$12,500,000, permitting safe borrowing of, say, \$6,250,000. As long as these small customers are not able to utilize their legitimate borrowing capacity fully due to the inability of banks with excess funds to service small accounts profitably and the limitations of suppliers' capitalization, the level of business activity and employment in the country will not be at the level expected from the capital base.

Suppliers interviewed showed great interest in participating in joint financing of receivables with banks. They would be willing to give up part of the spread on the transaction if in so doing the final profit would be greater. The situation is analogous to the supplier who pays a commission to someone who brings him business that he would otherwise miss. Without the assistance of the bank, the supplier would not be able to extend the additional credit needed to make the sale.

Suppliers have also expressed interest in the idea of sharing credit information on small businesses. In fact, suppliers requested assistance in setting up a credit information service. There is no effective credit bureau in Jordan for very small business transactions. Suppliers use credit to expand their client base only with caution, since it is difficult to ascertain the payment history of new customers and bad debts can rise quickly if care is not employed. In many cases, suppliers would be willing to extend credit to new customers, even without bank assistance, if reliable credit information were forthcoming.

The use to which the credit extended by suppliers will be put depends upon the terms and the nature of the business of the customer. For example, 60-day credit extended to a business with a weekly merchandise turnover could be used for financing both inventories and receivables. Eighteen-month credit could be used for the purchase of fixed assets. While the system is being implemented and tested, credit should be restricted to a standard 90-day term, which will adequately cover most working capital needs. Later, when longer credit histories have been accumulated, these terms could be cautiously extended.

For most banks to be interested in such a supplier credit program, it would be necessary to be able to achieve higher returns, without violating restrictions on interest and without the necessity of the bank making a full-scale commitment to

retail banking, especially with regard to bank layout and traffic. For example, if the normal return on one-year financial assets is 8.5 percent and the program returns 10 percent at comparable risk in a single transaction, most banks could be expected to participate. Since most commercial banks would already have some of these suppliers as customers, the ability of the bank to offer this additional service would enhance their relationship with these clients.

In order to reduce operational costs, the supplier credit program would make use of an embossed plastic identification card, similar to a credit card. In Jordan, the lack of the equivalent of a social security number, the great variety of homonyms, and the lack of a precise system of addresses make the use of such a card imperative if credit histories are to be accumulated accurately and fairly.

Also to reduce costs and to maximize the accuracy of payment histories, purchasers would be required to liquidate the transaction at a bank designated to receive such payments. Bills are ordinarily paid in Jordan to collectors who visit the purchaser's home or place of business. With an imprecise system of addresses, mail collection is not feasible. The Housing Bank is experimenting with collections of utility bills. Introduction of modern collection procedures is vital to reduce transaction costs. Although less convenient to the purchaser than having a collector visit his place of business, payment at a nearby branch bank is reasonable, especially when one considers that the customer did not need to visit a bank to receive the credit; he just had to visit the supplier.

Controlling the Credit Risk on Supplier Credit  
to Small Business

Interviews with some banks that work closely with small firms revealed that most small businesses in Jordan are at least as good credit risks as many larger firms. Losses ranged from nominal amounts to 2 percent, similar to rates observed in consumer credit in other parts of the world. The high losses in the small loan portfolio of the Industrial Development Bank were atypical and may reflect a tendency to finance new ventures and longer term projects.

Although some bankers expressed the opinion that small borrowers were not concerned with their credit rating and could not be expected to act as if they were, the consensus was that most small business people are honest and anxious to maintain their name and reputation. Without an established credit information system, such conclusions, of course, are merely speculative. Based on experience in other parts of the world, it would be highly unlikely that any person who intended to stay in business could regard an efficient system of providing credit information with disdain. A successful credit information network that is universal and accurate can effectively bar the poor risks from receiving credit from suppliers or banks anywhere in the country. The poor risks are placed at a competitive disadvantage from others who are better financed. Without an effective credit information system for small business, thousands of deserving entrepreneurs are deprived of resources because of the actions of a relatively few poor risks.

The proposed supplier credit program calls for joint action of many banks and suppliers in a single, unified system. In this way, the credit experience of one member is immediately available to all the others. A unified system also provides economies of scale in processing transactions.

The second element in the supplier credit system is the joint participation of the supplier in the risk. Under the terms of the agreement between the banks and the suppliers, if only partial payment is made, the bank is reimbursed before the supplier. All transactions must first be approved and proposed by the supplier and depend upon the subsequent approval of the banks. In all transactions, the supplier matches the bank in the amount of credit extended on equal terms and conditions.

The third element in the system is the pre-qualification of all small business participants. Initially, the system should be restricted to the persons who can meet all of the following qualifications:

1. The firm must have been in business for at least six months at the same address.
2. The firm must be legally registered.
3. The firm must be recommended by at least two of the suppliers or banks that make up the system. Such a recommendation would mean that the firm was not in default on current transactions and that past experience has been satisfactory.
4. The firm's principal must have attended a video-taped session that explains the nature of the supplier credit system, the requirement of liquidating transactions at a bank, and the impact of delayed payment upon future use of the system. The applicant must also have been made aware that information on his credit history will be available to any bank or supplier participating in the system.

Finally, the most important way to control credit risk is to develop a national system of quick, accurate information about the payment history of small borrowers. If suppliers throughout the country have easy, low-cost access to an effective credit checking service, it is unlikely that anyone who wants to stay in

business will intentionally default on an obligation. Such a system does not exist today.

#### The Establishment of a Credit Guarantee Fund

In order to induce bankers to come together and develop a credit facility for very small businesses, it is suggested that a credit guarantee fund be established. The purpose of USAID involvement in this fund is to remove the operational risks of establishing a new credit program.

Due to the small size of the loans, a single, nationwide facility is suggested so that the operation may benefit from economies of scale. For efficiency, the nature of the guarantee should be in the form of a subordinated participation by USAID rather than guarantees of individual transactions.

Banks would be invited to pool monies to be applied in this program in a common fund, with the contributions matched by USAID up to \$5 million. Profits from the operation of this fund would be distributed to all participants in proportion to their share in the capital, after establishing a reserve of 5 percent of assets for loan losses. Contributions would be for an initial period of three years, with extension beyond that time depending upon mutual agreement of the participants.

If at the end of three years an institution wishes to withdraw, having given six months' notice, its share of capital and accumulated reserves will be paid. However, if loan losses have been so great that the amount to be distributed is less than the capital initially invested, the difference will be paid out of the share contributed by USAID. If the fund continues to operate profitably after such a payment, USAID's depleted share will be reconstituted out of future income. If the fund is

liquidated without such reconstitution, USAID will absorb the loss up to the amount of its initial contribution.

By agreeing to supply funds with a subordinated claim on assets in the case of liquidation, USAID will be giving a partial guarantee on the loans, without the administrative overhead and cost of insuring individual transactions.

The common loan fund will in turn finance 50 percent of approved credit transactions of certain suppliers. Therefore, the total amount of financing, assuming a \$5 million contribution by USAID, will be at least \$20 million.

Contribution by USAID	\$5,000,000
Contribution by Banks	\$5,000,000
Financing by Suppliers	\$10,000,000 (outside fund)
	-----
Total Financing	\$20,000,000

Since the USAID guarantee is in the form of a subordinated participation in a common fund rather than a guarantee on individual loans, risks are covered not only by other participants but by the borrowers themselves to the extent that their combined fees are sufficient to absorb bad loans.

It is expected that loan losses of a properly managed fund will not be large enough to deplete the USAID guarantee, and if losses are exceeding revenues the participants would most likely halt operations. The goal is to demonstrate that this type of operation is commercially feasible, so that banks and suppliers will be motivated to greatly expand the availability of financing to small enterprise. The mechanism of a common fund allows banks to increase their participation as they become confident in the system, eventually reducing USAID's percentage in the fund to a minor amount no longer relevant as a guarantee. The USAID funds

could then be withdrawn from the fund and reallocated to another purpose, such as small business education and training.

The purpose of USAID involvement is to encourage participation in the common fund and general support of a credit information system for small enterprise, rather than funding the financing to any appreciable degree. The five million dollar which USAID might contribute is less than two percent of the \$300 million which the market may require. However, if the USAID contribution helps to bring the bankers and suppliers together to set up a successful system, there is little doubt that substantial funds will be forthcoming from the private sector.

Criteria For Selecting The Financial Institutions  
To Manage The Fund

Since the loan portfolio will be managed as a common fund in which USAID will have not more than a 50 percent participation, the selection of the manager will depend primarily upon the institutions that put up most of the money. However, USAID should use the following criteria in deciding whether or not to participate.

The banks participating in the fund should represent a large percentage of the Jordanian financial community in terms of total loan portfolios and branch networks.

The manager of the fund should be chosen by the institutions participating, who are in the best position to judge capabilities, staff competence, operational efficiency, portfolio quality and organizational experience.

The manager of the fund should have brought together the participants, organized the fund, obtained government approval, and proposed the detailed operating plan and budget.

The stimulus for organizing the fund should come from USAID, through the Jordanian government, as an invitation for proposals. The group which puts together the best proposal should be selected. The minimum conditions should call for at least \$5 million to be contributed by a group of not less than five Jordanian banks, the third ranking contribution to be not less than \$500,000.

The proposals should specify an annual management fee of not more than 5 percent of the value of the portfolio. The proposal should also specify the need for an initial subsidy to set up the systems, such subsidy, if any, not to exceed \$500,000.

Given the generally high level of the Jordanian banking community and the requirement that a group of not less than five institutions be involved in the fund, the probability of establishing a well-managed fund by this method is high. However, USAID should have the benefit of experienced and competent advice in the selection.

The banking community would not have to meet any special criteria for participating in the fund other than a minimum investment of \$300,000.

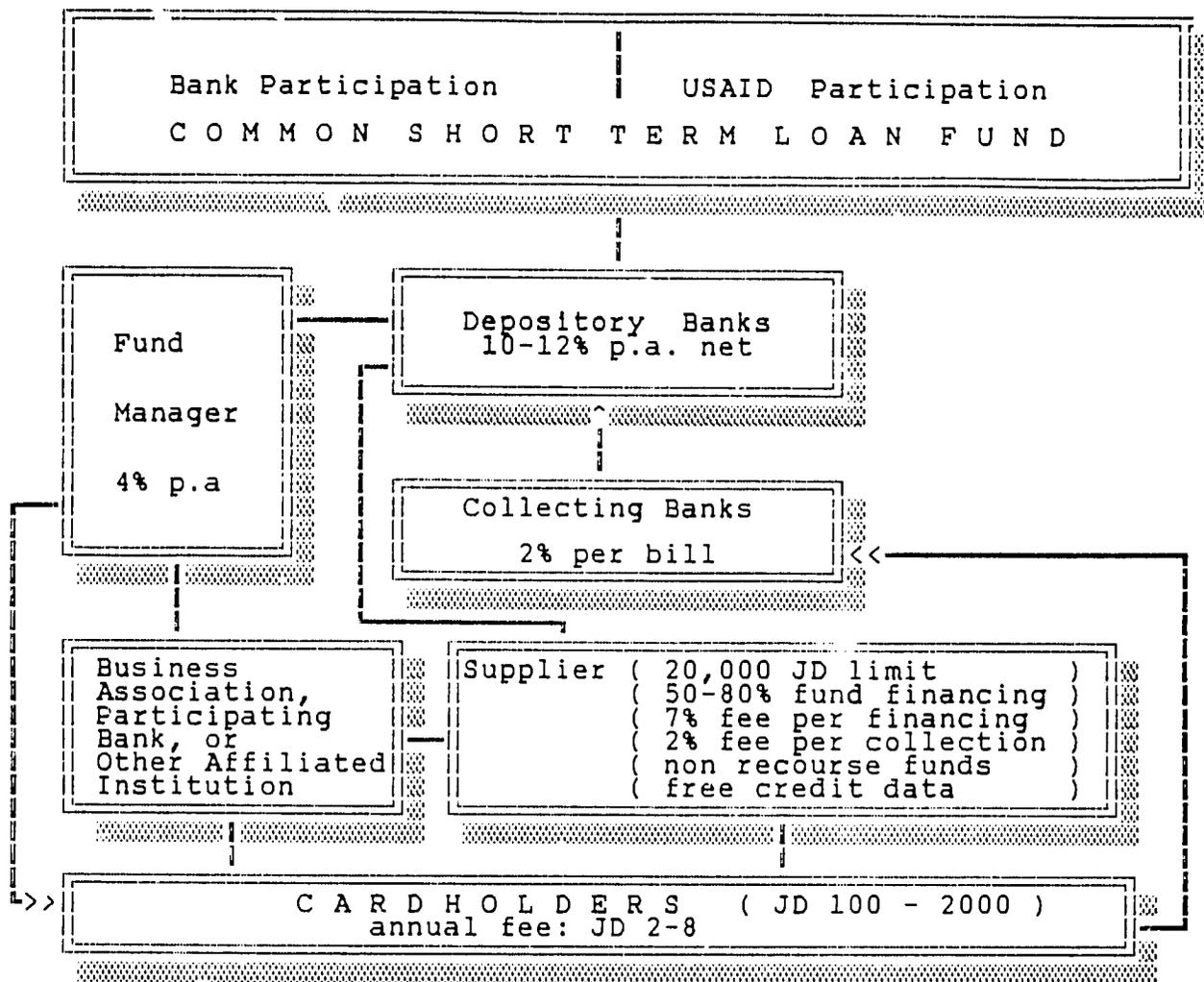
#### Operational Procedures of the Guarantee Fund

In order to keep administrative costs down, the supplier credit should be furnished through the fund by a credit card system. Figure 1 provides an illustrative overview of how the system would work. The follow procedure is suggested:

1. A small business person submits an application for a supplier credit card through a supplier, bank, or guild to the fund administrator. The application must first be approved by one of these intermediaries that are associated with the system.

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Figure 1. SUPPLIER CREDIT SYSTEM



2. The administrator of the fund will approve or disapprove of the application in accordance with general guidelines approved by the participants in the fund.
3. The total amount which may be borrowed on the card should not exceed \$6,000. The USAID subordination agreement should stipulate that the average loan in the portfolio may not exceed \$3,000.
4. The term of a loan may not exceed six months. The USAID subordination agreement should stipulate that the average loan term should not exceed 90 days.
5. Loans may only be made to finance bona fide purchases of merchandise from suppliers associated with the system. Not more than 50 percent of the value of each purchase will be financed by the fund, and the financing may not exceed the amount financed on equal terms by the supplier.
6. The supplier will obtain prior approval of each transaction by telephone from the administrator. The administrator will register each approval on a database and ensure that the credit limits of a borrower are not exceeded and that credit is not extended to cardholders who are in arrears on other transactions.
7. The supplier will process the transaction in the normal way that credit card sales are handled, except in this case, the fund (through a participating bank) will advance only 50 percent of the transaction, placing the other 50 percent for collection. The supplier will have no liability for the 50 percent advanced as long as the transaction was bona fide and exempt from fraud. However, the supplier's portion which is in for collection will be subordinated to the 50 percent due the fund.
8. The total amount of loans outstanding through a single supplier should not exceed 5 percent of the value of the fund. If loans processed through a certain supplier show excessive late payments or losses, transactions with this supplier will be limited or avoided.
9. All suppliers in the system can obtain credit information on any cardholder from the administrator without charge.
10. For the service of collecting the bill and advancing 50 percent of the transaction, the supplier pays the fund

a fee of 5 percent of the transaction. There is no interest charged nor late payment fee.

11. The supplier provides the customer with a form to present to the collecting bank when making the payment. Borrowers must agree to go to the bank to liquidate the transaction. The collecting bank or banks will be members of the fund and will receive 2 percent of each bill collected.

The system described is similar to the process used in credit card loans throughout the world, except that the amount advanced to the merchant is not more than 50 percent of the value of the transaction and the collection of the merchant's share is subordinated to the fund receiving the entire amount. Due to the uncertainty of the mails in Jordan, the collection system is also not standard. Normal Jordanian collection procedures often involve visits to the borrower at his place of business on Thursdays. This practice is not compatible with the aim of keeping down administrative costs of these loans. The processing of transactions and cardholder accounts could easily be handled on modern microcomputers, using off-the-shelf database software. At least one institution, Petra Bank, has the staff, experience, and resources to set up such a system quickly at a reasonable cost.

If the program were successful in creating a credit reference system and in changing collection practices, the environment for small business credit will have improved significantly. For example, one large supplier stated that he would be willing to double his advances to small businesses, even without bank funding, if he were able to obtain reliable credit information. Another supplier stated he would be willing to pay to get access to a list of cardholders with their credit histories.

The return on the investment in the fund will depend on four factors: (1) the transaction fee charged the supplier; (2) the transaction turnover per year; (3) the loan default rate; and

(4) the administration fee. The expected range of values for these parameters in the Jordanian market indicate that the operation should be profitable.

The system suggested is innovative only in so far as it represents the combination of financial ideas already well-tested throughout the world. The use of the credit card to finance micro-businesses is common practice in retail banking in many areas. The pooling of loan funds under a single manager is nothing more than the mechanism used in money-market mutual funds in advanced countries. The use of subordination agreements in place of direct guarantees is also an old tool in the financial world. The proliferation of credit card equipment and micro-computers has brought standardized forms and low operational costs, plus easy access to the know-how needed to set up such a system quickly. Perhaps the only novel aspect of the plan is the idea that only 50 percent of the credit card transactions be financed and that the collection be handled through a bank, thereby making the supplier a co-financier of the small business.

#### Alternative Operational Procedures

The procedures suggested above are expected to be subject to modification during the organization of the fund and implantation of its systems. For example, the methods may be adjusted to conform to legal or administrative requirements. There also will be changes to attend special needs such as lending in outlying areas, advances made through guilds or associations, or longer term loans. However, nothing should be done in the initial stages which might compromise the commercial viability of the fund. The time to experiment with "bells and whistles" is when the fund is healthy and operating profitably.

Two common loan guarantee methods were considered and rejected. The direct guarantee of a portion of individual loans

was eliminated as being too expensive (labor-intensive) to manage efficiently. Loan insurance was also dismissed due to the problem of adverse selection of risk and the lack of statistics on which reasonable insurance criteria could be based.

Upon analysis of the problem, it became apparent that USAID and the government of Jordan would achieve maximum leverage by focusing on the development of a system that would foster the creation of a national credit information system for small borrowers. Since there is excess liquidity in the economy and since bankers are able to guarantee their own operations if they can overcome the problems of insufficient credit information, high operating costs, and interest ceilings, a program that addressed these shortcomings was devised.

#### Method of Monitoring Resources

Since the small business loan fund would be set up as a common trust fund under the fiduciary responsibility of a leading Jordanian bank, the problem of monitoring the operation is simplified. The fund would be audited regularly by a firm that had the confidence of all the participants, including the government of Jordan and USAID. The initial subordination agreement would spell out the items to be reported periodically, as well as the parameters of the lending operations. Should these conditions not be met, the subordination agreement would become inoperative and USAID would be entitled to redeem its participation. The auditors' report will include statistics that will help evaluate the success of the project such as number of businesses financed, indications of their size and nature, loss ratios, average size and term of loans, and numbers and types of suppliers and other intermediaries.

Neither USAID nor the government of Jordan should become involved in the day-to-day management of the fund. Nor should

onerous reporting or monitoring requirements be imposed. However, the initial subordination agreement should provide that the USAID guarantee would be contingent upon fund management following certain guidelines with respect to average loan size, type of borrower, loan purpose, loan terms, and reporting and auditing requirements. Failure to meet these guidelines would automatically remove the subordination guarantee.

It is essential that USAID have the advice and counsel of someone with senior experience in banking and the negotiation of the organization of financial funds, at the time the agreement is being worked out. The operation and systems details are well within the capabilities of the Jordanian bankers to develop.

#### Criteria For Participation By Suppliers

The primary qualification for suppliers to participate in the system is approval by one of the banks contributing to the fund. The total advances made to any one supplier should not exceed 5 percent of the value of the fund nor 20 percent of the sales of the supplier. Suppliers who approve advances that result in losses above a limit established by the fund manager from time to time will be limited or dropped from the system. Suppliers selected must also normally provide terms to customers on similar terms and must sell directly to small businesses. The limitations on the nature of the cardholders, the size of the loans, and the terms of the transactions will automatically select suppliers with a role in informal credit markets whose standard business practices will benefit from the system.

Avoidance of Risk Transfer from Suppliers to Fund

Any loan from the fund must be approved by both the administrator and a supplier who belongs to the system. The administrator's approval will indicate that (1) the borrower is a cardholder, with an approved credit agreement; (2) the borrower is not currently in arrears; (3) the amount of the loan will not result in the borrower's total outstanding exceeding his credit limit. The administrator gives approval by telephone, and the transaction approval is verified by a code number. The supplier approves the transaction by making the sale and agreeing to receive payment of 50 percent in 90 days.

Advances will be made only for bona fide transactions involving the sale of goods or services by the supplier to the cardholder. The supplier must deliver the goods to the cardholder at the time of sale. The price of the sale may not exceed the normal cash price by more than 10 percent. Fifty percent of the sales price must be financed by the supplier on terms identical to the amount advanced by the fund. The entire bill will be collected by a bank associated with the system.

If the cardholder returns the goods for a refund, or if the transaction be cancelled for any other reason, the supplier must advise the administrator to cancel the collection, returning, at the same time, the amount advanced.

If any supplier does not follow these rules, the administrator, considering the circumstances, may refuse to allow him to continue to participate in the system. The credit agreement between the fund and the supplier will provide that the supplier will be fully liable for any advances made by the fund due to misrepresentations by the supplier, or collusion between the supplier and the cardholder.

The administrator will continually audit transactions on a spot basis to assure that the rules are being followed. Such spot checks should cover all suppliers at least once a month. All late payments should be audited.

Although there certainly will be dishonest suppliers and cardholders who will attempt to take advantage of the system, the fund should not be seriously impaired since the risk is widely diversified and the systems for detecting credit card fraud are well developed. Assuming that the initial fund amounts to \$10 million, matched by supplier participation, the maximum exposure to a single borrower will be 0.03 percent. A supplier who attempts to misuse the system will be discovered in 90 days when the collection comes due. When a supplier is expelled from the system, this would be reported to all other banks, the supplier would be cut off from the credit information system, and the fund would take action to collect the amounts lost.

### 3. STRATEGIES FOR ASSISTING START-UP BUSINESSES

Jordan has many businesses that were started by persons returning from jobs in the Persian Gulf. Many of these entrepreneurs have savings, family backing, and a college education. However, most lack experience in starting up new businesses. The result is a plethora of marginal enterprises that consume the capital of their founders. The situation is aggravated by an excessively regulated business environment and generally poor economic conditions. In order to provide employment for this group, some type of assistance to new or recently formed businesses is required.

The only method of providing entrepreneurs with new business assistance that has shown success over many years is the model business. A model business is a replicable small business that can be started by anyone with capital and a modicum of experience. The idea of a model business unit is the basis for the franchising. Whereas most new ventures fail, the opposite is true for franchises. A franchise is a model business with a tested marketing concept. The franchise owner receives training, technical assistance, marketing support, and an exclusive territory. Based on the accumulated experience of other franchisees, the franchiser can establish the capital which the owner needs to raise. Because the business is a replicate of another

whose success can be verified, financing of franchise ventures is easier than other small firms. Contract farming and various putting-out systems are similar to the franchise in concept in that they also use a standard business model in conjunction with training and marketing support.

Other methods of assisting new enterprises have proven to be less effective. Government guarantees on loans to isolated new business projects and general advice and counseling of would-be entrepreneurs are methods that do not even approach the success of the franchise.

The supplier credit guarantee fund is designed to assist existing small enterprises that are not receiving the credit they deserve due to a lack of a credit information system extending to very small borrowers and the need for cost-effective lending techniques for small loans. New enterprises have different problems which must be addressed separately.

There are four fundamental kinds of assistance which can be offered to new businesses:

1. Basic training in business practices and methods such as basic marketing, salesmanship, accounting, and financial planning can be offered.
2. Counseling an entrepreneur with respect to a specific business idea is often useful. The advice given might deal with an analysis of the market, the qualifications of the entrepreneur, possible sources of finance, and introductions to others who might help.
3. Provision of a ready-made business which the entrepreneur may enter is often useful, thereby eliminating many of the risks an untried business concept.
4. Provision of venture capital is another category of assistance.

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USAID may become involved in the first two types of assistance by funding institutions and organizations designed to furnish this type of training and advice.

The fourth level of assistance (venture capital) is best handled by the private sector. In Jordan, the Arab Bank is the process of establishing a venture capital fund for new businesses.

The third alternative, the ready-made business, is an area that should be explored further. The essential feature of the ready-made business, or model enterprise, is that it involves a tested concept that is to be replicated many times in locations throughout the country. Franchising is the commercial sale of ready-made businesses. The method has already been employed in Jordan in areas such as car rental and fast food restaurants. With government support, development of model businesses could be an important means of providing employment for educated Jordanians that are not able to find alternatives in existing enterprise or the public sector.

Typical model businesses might include automobile service stations, convenience stores, auto parts stores, and fast food outlets. Such businesses should be designed by established, well-capitalized firms with experience in the field. In some cases, existing international franchise operations may be appropriate.

The advantage of having a model business program in Jordan sponsored by the government is that excessive or conflicting regulations often hinder operations of small enterprise. It is difficult to eliminate these restrictions in a wholesale fashion, since the regulatory environment is pervasive. However, it would be easier to remove barriers for specific model businesses.

A strategy for assisting start-up entrepreneurs by means of a model business might be organized as follows:

- . An established private enterprise, either Jordanian or foreign, could propose a model business. The sponsor would be responsible to develop an operating prototype, operating manuals, marketing materials, market analysis, and a training program.
- . A model business authority of the Jordanian government would negotiate with the sponsor of the business (the prospective franchiser) as to governmental approval of the project and elimination of regulatory barriers, if any. If the government feels that the sponsor is competent and that the model business should be encouraged, the project will be approved and regulatory changes made.
- . USAID would establish a \$5 million fund to assist deserving entrepreneurs in establishing a model business of the type approved. This fund would invest up to \$50,000 in a new venture, provided that the amount is matched by funds raised by the entrepreneur or the sponsor. Administration of the USAID funds would be done by a local venture capital fund which also invests its own funds. The business must employ at least 10 persons. The amount invested will be repaid out of profits, by repurchase of shares. Assuming that investments will be recovered in five years, on the average, the program would create at least 1,000 jobs every five years. The amount financed by the fund can only be used for fixed assets, not franchise fees.

With such a model business program, many ventures would be formed in addition to those financed directly by the fund, since many entrepreneurs would be able to raise capital from savings, family, and friends. The costs of training and development would be borne by the franchiser. The involvement of the government would help to remove regulatory barriers while providing funding to deserving individuals who might not be able to start-up a business otherwise. Assuming that for every business financed by the fund, two others would be capitalized by normal means, the program should create at least 3,000 jobs within five years.

#### 4. DEVELOPING FEMALE ENTREPRENEURSHIP IN JORDAN

## DEVELOPING FEMALE ENTREPRENEURSHIP IN JORDAN

The objectives of this section of the report are to make recommendations and suggest strategies for promoting female entrepreneurship in Jordan. The chapter is divided into two sections: (1) introduction and background, and (2) conclusions and recommended strategies for enhancing female entrepreneurship, including an inventory of potentially competitive female business opportunities.

### I. Introduction and Background

In 1985, women constituted 12.5 percent of Jordan's official labor force, with the proportion of women highest in the financial and social services sectors. Actual numbers of employed women are probably much higher if self-employment and unpaid labor in family establishments and on family farms were included. With the country's high birthrate, one would also speculate that there is a good deal of movement by Jordanian women in and out of the labor force.

The largest number of women employed in the Jordanian economy are in professional and clerical jobs. Thirty-five

The largest number of women employed in the Jordanian economy are in professional and clerical jobs. Thirty-five percent of the professions are made up of women and 36 percent of clerical jobs are taken by women. Over half of female workers are teachers, according to the Department of Statistics Labor Force Survey of 1975, and 71 percent of female workers were employed in public administration and services. This is consistent with the fact that Jordan has a service-dominated economy and that women are often encouraged by family to enter service-oriented professions.

The industrial sector absorbs the second largest concentration of female workers with 20.5 percent of female workers involved in textiles, food processing, ready-made clothing, and chemical industries. However, women represent only 6.6 percent of the total workers in industry with almost one-third of those females holding administrative positions. The Labor Force Survey also reports that over half of the total female workers in the industrial sector are self-employed as seamstresses and weavers. Women are also found in banking (30.5 percent), tourism (23.2 percent), hotels and restaurants (5.3 percent), and commerce (7 percent).

Boutiques, pharmacies, and beauty salons are the establishments women are most likely to own in Amman. Women also work in family bakeries and own 5 percent of Amman's taxis, hiring men to drive them.

## II. Conclusions and Recommended Strategies

Based on interviews, observations of small businesses, review of documents, and a pre-test survey of 50 entrepreneurs which was conducted during the consultancy, conclusions and recommended strategies emerged about Jordanian women and the approaches required to enhance their participation in small-scale

enterprise. The conclusions in this section are largely consistent with those arrived at during the Phase I design of the Small Enterprise Development Project Report (April, 1987). Where data on Jordan are not available, this report draws upon relevant and culturally appropriate conclusions from donor experience with women's income generation and employment in other countries.

#### Research on Entrepreneurship

Finding: There is almost no research or documentation on female entrepreneurship in Jordan.

Research on small business and entrepreneurship in Jordan has not been the subject of large-scale formal research. The 1976 Industrial Development Bank (IDB) study of "The Small Scale and Handicraft Industries in Jordan" and the 1984 "National Village Inventory" are among the few studies conducted. Even less is known about female entrepreneurs. The National Village Survey found women involved in production of traditional handicrafts, including sewing and embroidery. The IDB survey does not even mention gender and one has to assume that all 640 firms surveyed were operated by males. Several smaller studies on women's economic roles have been done by the Queen Noor Al-Hussein Foundation and the Urban Development Department of the Municipality of Amman.

Recommendation: A systematic research agenda on the economic position of women needs to be identified and drawn up.

USAID should sponsor some of this research directly and also support the research efforts of other agencies on both male and female small-scale entrepreneurs. To the extent that the constraints facing women and those facing men are the same, the approaches can be the same; dissimilarities will require distinct

approaches. In the interim, lessons learned from donor experience in other countries with similar problems should be used as guidance.

Key ingredients for a research agenda in Jordan should include:

1. Women's productive and reproductive activities and responsibilities should be included. This should include analysis of women's existing income sources, incentives to undertake new activities, and their time constraints. Women's reproductive roles should not be ignored since during pregnancy and immediately following pregnancy women must at least temporarily leave the labor force. Child care responsibilities also place severe constraints on the economic roles that women can assume.
2. Ways in which women can be organized to increase their economic participation are very critical. Very little is known about how women organize into informal groups and whether these groups might form the basis of a business development strategy. Because of societal values which stress the reproductive role of women, this is particularly important for identifying mechanisms to reach women.
3. A distinction should be made at the conceptual and data gathering stages concerning the differences between formal sector activities and informal sector activities. The participation of women in productive economic activities is most likely skewed in the direction of the informal sector where, such activities are likely to escape the notice of Government statistical indicators.

### Social Welfare Orientation

Finding: Approaches to increasing female participation in national development have tended to be separate, women-oriented, social welfare programs implemented by private voluntary and non-governmental organizations (PVOs and NGOs) with some GOJ support.

Recommendation: Long-term objectives should be to integrate women into the mainstream of the productive sector delineated in

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Jordan's national development plan, although women-specific initiatives may be necessary initially.

Mainstreaming is also more effective at the project level. An example of this approach would be to integrate women into existing credit institutions instead of trying to start a separate credit institution for women. An evaluation of 97 USAID-funded projects randomly selected from a total of 416 during the 1973-85 period concluded that:

"...mainstream projects that ensure women's participation in proportion to their roles and responsibilities within the project's baseline situation are more likely to achieve immediate purposes and their broader socioeconomic goals than are projects that do not."  
(Women In Development: AID's Experience, 1973 to 1985, Vol. I Synthesis Paper, Washington, D.C.: USAID, 1987, p.xiv)

Recommendation: Organizations which include women in business should be encouraged to extend their activities to support and promote female entrepreneurship.

The Business and Professional Women's Club has a number of women who are in business either as entrepreneurs or as practicing professionals. Such a group has the potential to become the focal point for advocating and promoting women as small business proprietors. The leadership of the Club has the political connections and professional expertise to play an effective role if given proper encouragement. In Kenya the local chapter of this group sponsored an inexpensive series of elementary workshops for women on the legal requirements of going into business, such as registration procedures, tax reporting, getting an import license, etc. The expertise for this series of workshops came from in-house lawyers and government officials.

The cooperative organizations are widely spread through the rural areas where a high proportion of economically active women

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reside. These organizations may be able to play a key role in encouraging women in business and to provide necessary services such as provision of inputs and marketing.

While the RRNA team was in Amman the Lord Mayor announced that a weekly market was being set up for women to sell their goods. This is a positive step in integrating women into business activities and should be encouraged.

### High Birthrate

Finding: The high birthrate will influence women's availability for full participation in the formal labor force for some time. Training costs for women may be higher because of their movement in and out of the labor force.

Recommendation: Any program initiatives or project interventions directed toward women should take into account the life cycle.

Women typically go through an interval in their life following the completion of education, and before marriage, when they are more mobile and can work outside of the home with relatively few restrictions. Following marriage, women face increased social pressures to stay at home, and any outside employment is influenced by child-bearing and child-rearing responsibilities.

Young unmarried girls are more mobile and can be trained for outside employment. Women of child-bearing age will often prefer home-based work which they can perform in combination with child care and other home responsibilities. Several successful examples of projects which acknowledge this principle include one sponsored by the Urban Development Department (UDD), an ad hoc agency attached to the Municipality of Amman to assist low-income urbanites, and the Save the Children weaving project at Jarash.

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The Ford Foundation and Population Council funded a study of time allocation among 300 UDD women and found many were doing embroidery and sewing which could be picked up and put down easily, required no formal training, and had the male household member's approval (R. Salti, Save the Children, Amman, personal communication, July 14, 1987). In the Jarash weaving project, women also work at home, and inputs and products are delivered to and collected from the home.

Recommendation: Formal labor force participation by women should be encouraged because of the probable effect in lowering birth-rates.

Experience in other countries indicates that formal sector employment of women decreases birthrates because of the inconvenience and costs associated with children and child care. The phenomenon does not occur with informal sector employment nor in agricultural employment. Increased education also has been shown to have an independent effect in lowering birthrates.

Recommendation: Child care facilities are essential to allow women in the child-rearing stage of life to be able to participate in work outside of the home.

Child care within the home is expected to grow less available because of the Government policy of taxing the use of foreign housemaids. If child care is not available at a reasonable price, women will be discouraged from seeking employment or starting businesses outside of their homes.

#### Competition for Jobs

Finding: Pressures are increasing on women to stay out of the labor force.

Female labor force participation climbed when males migrated to other areas of the Gulf for oil boom employment. During this period large numbers of women obtained employment in Government service. With the downturn of oil-based Gulf economies, many men have returned to seek jobs in Jordan. This has led to competition between females and males for jobs, with the implicit policy that preference should be given to men.

There is increasing pressure to segregate the work place or to deny employment to women since some people do not consider it proper for the sexes to mix in the work place. Concern is also expressed by men that their wives or daughters would associate with other men in the work environment.

Recommendation: Promote self-employment among women to reduce apparent competition with males for jobs.

Currently many women work in the public sector, which is not a growth area. It is reported that approximately 16 qualified female graduates file applications for each civil service job which opens. AID should capitalize on the thrust of the current five year plan to "...encourage the establishment of small, medium-scale and cottage industries suited to local conditions in the various regions" (p.122, Summary of Five Year Plan). Such enterprises can create employment and income for women and can often be combined with their domestic responsibilities.

#### Business Start-up

Finding: There are few role models of successful Jordanian businesswomen.

The entrepreneurial culture which encourages young girls to aspire to formal business ownership has not developed fully. Only a handful of large-scale businesses are owned and operated

by Jordanian women, often as a result of death of the husband. Only 4 of the 50 firms surveyed during the consultancy were female-owned. These were small enterprises averaging 4.5 employees each with a range of 1-9 workers. Of the four, three were owned by women who came from the West Bank or had lived elsewhere in the Gulf.

Finding: Female entrepreneurs tend to begin small businesses on a part-time experimental basis, registering and expanding the business later if it is successful.

This finding came from research done in the governorates in 1987 by Nadia Atif, under sponsorship of the Queen Noor Foundation. This would imply a good deal of trial and error in isolation as women search for the right mixes of resources. Most women, it should be pointed out, are working because of family need in the face of pressures from more conservative forces, as well as government, to stay at home.

Recommendation: Replicable businesses for educated women should be identified and publicized.

A replicable business is a market-tested business system which can be readily duplicated and which would dramatically improve the survival chances of a start-up business. The concept of replicable businesses is explained more thoroughly in the credit report. The advantages to such businesses are their proven management systems, marketing systems, access to needed inputs and facilities, and tested personnel systems. Credit must be made available where required to supplement limited equity to encourage purchase these businesses. Replicable businesses might include dry cleaning, floral shops, clothing shops, accounting services, temporary office help, and food establishments. Other possibilities are identified in the inventory of business possibilities elsewhere in this paper. Government regulations

and import restrictions should be carefully researched to identify only economically viable replicable enterprises.

Recommendation: The use of business incubators should be explored as a means of encouraging female entrepreneurship.

A business incubator is a location where space can be rented and technical assistance as well as shared support services are offered on site. To make this concept available to women, child care facilities should be included as part of the site services. This relatively recent technique has been successful in the U.S. and Europe and has been attempted successfully in a few LDC locations. The concept has provided a link between university business experts and the business community. This link would be of great benefit to Jordan as the following section explains.

#### Educational System

Finding: The Jordanian educational system does not encourage the development of entrepreneurship.

The Five Year Plan, 1986-1990 states that both girls and their parents prefer academic studies to vocational education at the secondary level. At the community college level, they select educational and commercial studies, while concentrating on social sciences and humanities in the universities (p.197). However, even university training in business is theoretical with little chance for internship and practice in real situations.

Recommendation: Education for females and males needs to be re-oriented to encourage problem-solving approaches and to provide opportunities to practice skills learned in the classroom in real life settings.

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Recommendation: Professional and business women should be encouraged to take a visible role in the schools to provide school girls with a role model.

The Business and Professional Women's Club could provide speakers for school classes on what they do in their business or profession. Another possibility might be for women in businesses or profession to accept young girls as work study students or interns as a means of acquainting them with possible careers in business or the professions. The cost would be nominal and the USAID role would be more of encouragement than providing resources.

#### Agricultural Development

Finding: The agricultural sector accounts for a high proportion of female economic activity in the country.

The agricultural sector provides employment for 90 percent of all women working in rural areas. The 1975 Agricultural Survey reported that 32.8 percent of agricultural workers were female, with an even higher percentage in labor-intensive irrigated cultivation. According to data available, about 85 percent of women in the agricultural sector are unpaid laborers with paid workers consisting primarily of seasonal workers. Half the female agricultural labor force participates in reaping and manual labor, 10 percent prepare land, and 25 percent raise poultry and small livestock.

Recommendation: Any agricultural development program sponsored by USAID should take into account the role played by women in the labor force and provide ways for women to get access to project resources.

Rural women require different programs from urban women to take into account their agricultural responsibilities, incentives, and resources.

Recommendation: The role of women as agricultural field labor should not be given program emphasis as a means of encouraging female entrepreneurship or employment.

Between 1961 and 1979, employment in the agricultural sector declined two-fold in contrast to the services sector which increased four-fold in terms of employment. Future mechanization in agriculture implies that demands for traditional agricultural labor will decline even further. However, if the Government were to change its policy toward foreign workers and indigenize the labor force, this might result in women replacing agricultural guest workers in the short run. All of this implies that traditional agricultural field labor is not a sector in which to promote female entrepreneurship or employment.

Recommendation: Small agricultural enterprise and agri-based processing should be explored.

Rural women often have the skills and resources to do small-scale plant and animal production, processing, and preservation. Areas for potential promotion include medicinal plants and herbs, dairy products, flowers, indoor plants, animal production, and beekeeping. Further, rural women in the National Village Survey earned income from sewing and embroidering. Marketing must be carefully considered before undertaking any of these rural enterprises since lack of marketing expertise is often the major weakness of this type of program.

In general, the AID evaluation of women in development (WID) projects found that income-generating projects for women rarely

reached their objectives, primarily because of a wide gap between identifying women's needs and designing viable projects. In particular, home sewing and food processing for income is sometimes viewed by WID specialists as a step backward. However, thoughtfully designed income-generating projects may be appropriate for Jordan because of women's need for part-time employment that is compatible with their child care and home responsibilities. Obviously, such projects should be supplemented by appropriate credit and marketing components.

#### Pre-Entrepreneurial Needs

Finding: Before any major effort is made in promoting female entrepreneurs, work must be done to prepare women for an unaccustomed role.

Even relatively educated Jordanian women may be unprepared for the work force because of the type of education they have received and their lack of prior job experiences. The AID-funded Mafrag uniform sewing project for women, implemented by Catholic Relief Services, found that women needed training in punctuality, productivity, and on-the-job demeanor.

Recommendation: Any strategy to promote female entrepreneurship must be long term with only marginal gains to be expected in this generation of women.

The female entrepreneurial spirit is in a fledgling stage and requires nurturing in view of the economic recession, the trend toward religious conservatism in the area, and high unemployment rates among males.

Recommendation: Programs aimed at assisting women to become entrepreneurs should commit a significant proportion of resources to screening and pre-qualifying.

Not all women are potential entrepreneurs, particularly in a society where they have occupied service positions in the government, do not have female entrepreneurial role models, do not typically have job training as part of their education, and are not widely represented in Jordanian enterprises. Therefore it makes sense to screen for high levels of the need achievement, a trait generally associated with successful entrepreneurship.

Recommendation: USAID should continue to coordinate with the ILO and encourage the ILO to pursue an experimental entrepreneurship development training program.

The ILO has run entrepreneurship development training classes in a number of countries. One of the special groups which has been included in these programs is women. Participants are pre-selected on the basis of personality types which have been shown to be successful in entrepreneurial situations. Motivational training, skills training, and post-training support are given to participants. Results have shown that a high proportion of the trainees later successfully establish businesses.

#### Policy Impacts

Finding: Female entrepreneurs and the informal sector businesses are generally at the economic margins where they are among the last to be affected by policy initiatives.

The informal sector small businesses and female-owned businesses are more likely to be unregistered, intermittent, and not situated in a regular business location. These businesses therefore tend to be less visible to Government officials and even to mainstream businesses. In effect, the problems and

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obstacles facing female entrepreneurs are substantially the same as those facing the informal sector businesses.

This means that fewer, if any, programs are targeted toward these groups. A program such as providing financing of fixed assets for small businesses would not be appropriate for informal sector businesses who would therefore not benefit from any program directed at providing such services. For example, the Industrial Development Bank credit program directed toward small businesses did not extend to the point where female entrepreneurs participated in the program.

One of the implications of this is that female entrepreneurs can be used as a highly visible marker group to determine whether a program has had substantial impact. Since females are the residual group to be affected by a policy or program, if there has been an impact on females, the program has most likely had a much broader impact. Thus, the female entrepreneurs can be used to monitor overall impact of the policy or program.

Finding: While there are some regulatory issues which affect women differently from men, the overall regulatory climate is not hostile to female entrepreneurs per se.

The regulatory constraints faced by women, with some notable exceptions, result from the size of the business rather than because they are female owned. All small businesses face problems with the administration of the tax code, not just female-run businesses. All small businesses face problems with price controls, not just female-run businesses. All small businesses have problems with whimsical enforcement of government health and standard measures regulations, not just female-run businesses.

Some of the policies and business practices which have a particularly negative impact on women include the following:

- . Joint property which is held by a husband and wife is generally registered in the name of the husband. This means that without the permission and cooperation of her husband, the woman does not have property which can be mortgaged to obtain business credit, even though she may otherwise have sufficient equity to justify a loan.
- . A spouse allowance is given in the income tax code which allows a deduction for a non-working wife. If the wife enters the labor force or starts her own business this exemption is lost and the tax burden on the household increases.
- . Labor laws restrict the types of work that can be done by women and the hours they may work. The same code calls for child care facilities if more than 20 women are employed in the business. While the intention of this labor code is laudatory, the practical impact is that employers prefer to not hire women so as to avoid incurring these legal obligations.

Recommendation: Policy dialogue concerning revision of policies and regulations which affect female entrepreneurship should be conducted within the overall framework of facilitating small business development -- not as a separate set of discussions.

Finding: Social attitudes are a much more formidable constraint on female entrepreneurs than is the regulatory environment.

Men are often loath to have their wives or daughters in a work place where there are other men. This discourages the employment of women. Social attitudes prevail that women should stay at home and care for the house and children after marriage. The overall impact of these social attitudes is more compelling than is the regulatory environment.



Recommendation: Any USAID effort to encourage female entrepreneurship should be low key and should be aimed at targets of opportunity.

An aggressive campaign to promote female entrepreneurship would be viewed as strident and might end up as self-defeating. The overall strategy should be aimed at integrating women into existing programs (mainstreaming) and influencing social attitudes for future generations.

### Business Opportunities

Finding: Most of the income-generating programs directed at women have stressed production skills rather than marketing.

A traditional approach to women's economic contributions which has been used in Jordan as well as elsewhere is to expand the traditional skills of women into an income-generating project. This has led to a number of stitching, embroidering, and weaving projects. Although a number of beautiful products are turned out, the market demand for this kind of product is limited and in many cases full cost recovery is not possible.

Recommendation: USAID should stress marketing for approval of women's income-generation projects.

Projects which are not market oriented are doomed to failure and perpetual dependency. Part of any women's income-generating project should be a solid marketing plan. This reverses the traditional approach of concentrating on skills that women have and trying to upgrade these skills to make products for sale. This leads quickly to market saturation and unsold inventory. The recommended strategy is to identify markets which have not been satisfied and to train women to produce for these markets.

This is a market-led approach which has been much more successful.

Recommendation: As a means of reaching female entrepreneurs, a strategy should be pursued which targets sectors where women are, or have the potential to be, economically active.

Female business owners are not a homogeneous class and therefore programs aimed at female entrepreneurs are not particularly effective. A recommended strategy is to aim any assistance program at a particular sector where there are opportunities for women. In Jordan relatively little has been done in identifying areas where women are economically active or have the potential to be active. Part of the USAID strategy should be to assist in identifying these sectors and the business opportunities which are particularly appropriate for women.

Following is a list of areas which should be investigated to determine the potential for female entrepreneurs.

#### Agri-businesses

Herbal tea production and marketing

Dairy production

This is an area of traditional female responsibility. Production of local cheese is done by women. There may be some possibility of reprocessing locally made cheese and packaging and marketing it through urban food stores where traditional local cheeses are not now sold. This situation is analogous to the development of processed cheese in the U.S. market. Small local cheese companies were not able to gain access to the marketing and distribution channels to sell cheddar and other varieties. Kraft Food took the lead in developing Velveeta, which was made by buying the surplus cheese from many small cheese factories and reprocessing it. The new product was packaged and sold in supermarket chains which were not available as outlets to small cheese factories. Because of this outlet for cheese, many small cheese factories were able to stay in production.

### Beekeeping and honey

Honey is not subject to price controls.

Raising and marketing house plants  
 Raising and marketing flowers  
 Canning and pickling

### Home Enterprise

Broom making  
 Custom tailoring (especially for other women)  
 Cosmetic sales door to door  
 Children's clothing (piece work or custom production)  
 Telephone sales  
 Catering  
 Home upholstery  
 Photography  
 Weaving (piece work or custom production)  
 Child care center  
 Maid and cleaning services  
 Children's toy production  
 Candy production  
 Insurance sales

### Outside Businesses

Video cassette rental  
 Accounting and bookkeeping  
 Confectionery production  
 Wedding services  
     Flowers  
     Make-up  
     Catering  
     Photography  
     Dress making

### Temporary secretarial services

This would cater to businessmen staying in local hotels, businesses which have temporary needs because of sickness or vacation, conventions, etc.

Legal assistance  
 Home nursing assistants  
 Data entry  
 Word processing

5. SURVEY OF SMALL BUSINESS SUMMARY

### SURVLY OF SMALL BUSINESSES

During the design of the Small Enterprise Development Project the team was attempting to plan a project in spite of very little information being available on the characteristics of the target group of businesses. Also lacking was market research relating to the appropriateness of the type of financial instrument being proposed and whether it would be accepted by small business operators. The team made plans to do a quick survey to either confirm or refute some of the key assumptions on which the project design was being based. The survey was designed to give a general profile of small business owners and was not envisioned to be a detailed study.

The only previous study of the small business sector that was available had been done in 1975 and was published in 1976 as part of the effort to design a program for small businesses in the Industrial Development Bank. Some data were available from the SARSA Survey, but the focus of this survey was not on small business; much of the information needed had not been covered in the survey; the data available were of questionable value; and the data were not readily accessible.

Since the study for the Industrial Development Bank, major changes have taken place in the regional economy of the Middle East, and the consensus was that these changes had profound impacts on the small business sector in Jordan. Some of the changes were (1) the increased intensity of the civil war in Lebanon and its concomitant changes in commercial trade patterns; (2) war in Iraq, which has traditionally been a major trading partner with Jordan; (3) a downturn in the petroleum-based economies in the Gulf, resulting in substantial return migration of Jordanian workers. As a result the team did not feel that data collected 11 years prior should be relied upon without some re-examination and verification.

The survey was designed to provide information on two main areas: (1) basic socioeconomic characteristics of small business owners, and (2) details about needs for, and sources of, working capital for financing small businesses.

The results presented here should be viewed only as indicative of the situation found in the cases interviewed and should not be extrapolated. The actual survey was never done. The data presented here were gathered in the course of testing the questionnaire and training the enumerators and little effort was made to clean and verify the data. As a result, many questions have substantial missing data and responses are sometimes inconsistent. The results should be used with caution. It is suggested that the best use for the data presented is to raise questions for further investigation.

#### Methodology

The methodological approach was similar to that commonly undertaken in market research by businesses. This is to gather only the information necessary to make an informed business judgment. This approach does not dwell on statistical inference

and detailed data analysis, since if the answers are not immediately evident from inspection of the data, the project is probably not viable and should be re-thought. As an example, if the project anticipates a loan fund of \$6 million and we have to rely on scientifically selected samples and statistical significance levels to determine whether there is sufficient demand to justify a fund of this size, then the project should be redesigned. A sound business decision to go ahead with a project of this size could be made if the survey showed a potential demand of three to ten times the size of the prospective loan fund. Market demand of this order of magnitude is made evident by inspecting the data.

The original plan called for interviews with as many small business owners as possible within the time constraints. RRNA team members were to work with the supervisors of the interviewers and conduct some in-depth pilot interviews themselves. A local consulting firm experienced in survey techniques, the Community Development Group, was hired to assist by helping to develop the questions for the interview form, select the sample, train and supervise the enumerators, do data entry, tabulate results, and assist in the interpretation of resulting information.

The schedule anticipated a turn-around time of about one week to get preliminary results. Interviewing was to be done in Amman: supervision would be easier, and interviewing costs would be minimized. According to prior estimates, Amman accounts for approximately 70 percent of the economic activity in the country. Thus a sample from Amman would show the information required and an informed decision could be made on whether the project was justified as designed.

The original sample was to be a representative stratified sample with target numbers of interviews in industry, trade, and

services. About 400 interviews were planned, not as a result of a decision on statistically significant sample size, but because of an estimate of how many interviews could be conducted within the time and budget available. No elaborate statistical analysis was anticipated since the survey was to determine only general characteristics and verify or refute whether key assumptions underlying the Small Enterprise Development project design could be supported. This could be accomplished by simple tabulation and cross-tabulation of results.

The methodology eventually used had a number of aspects which differed from the original design. The questionnaire had to be submitted to the Ministry of Planning for approval of the questions to be asked of respondents. A number of changes were suggested by individuals in the Ministry, and a number of questions were added. As a result, the questionnaire was longer than originally conceived and the focus of the questions was not as sharp. Copies of the original English questionnaire and the Arabic translation used are included in Annexes One and Two.

The questionnaire took an average of about 15 minutes to complete. It should be noted that the categories under each question were designed to assist the interviewers to complete the interview rapidly by being able to check categories appropriate to the response. Interviewers were instructed not to prompt respondents.

The questionnaire was constructed with input from each of the team members and was changed several times as a result of information accumulated during pilot interviews. Dr. Omayah Dahhan of the University of Jordan provided comments on the structure of the questionnaire, based on her experience in constructing and administering the questionnaire done in 1975 as part of the feasibility work prior to founding the small loan program at the Industrial Development Bank. The questionnaire

still needs refinement because some of the translations are literal and do not convey the intended meaning in Arabic.

Ministry officials wanted a more precisely defined frame sample with a different orientation than was originally intended. The original intent was to sample a target number of individuals in different occupational categories such as services, manufacturing, and trade in selected areas of Amman. The final sample frame was based on interviews in specific districts in Amman which reflected a spatial or geographic orientation rather than an occupational or functional orientation. Such a sample frame would be consistent with a regional planning strategy as opposed to a small business sector strategy, although the two approaches are not mutually exclusive.

#### Sample Selection

The ARIES team worked with the staff of the Greater Amman Comprehensive Development Plan to develop a frame sample and select the areas for interviews. Dr. John Caulder and Khalid Munaizel were instrumental in assisting the team after official permission was obtained from the Lord Mayor of Amman.

The Greater Amman area is divided into 22 districts and subdivided into 152 traffic zones. Maps are available from the Greater Amman Comprehensive Plan offices of the districts and zones. The private sector employment levels are available for each of the districts and traffic zones. An earlier Establishments Survey had determined the number of registered businesses in each area and the line of business. Some districts were eliminated from consideration since they either had no employment (a cemetery, agricultural land), or were almost completely dominated by public employment (government offices, hospital).

The target number of interviews to be conducted within each of the traffic zones selected was weighted by the employment density in that zone. The number of trade, service or industrial establishments within the sub-sample was determined by estimates of the total number of each of these establishments from the SARSA Survey. In Amman the target number of interviews was 336, and 64 interviews were to be collected in the municipalities and village councils surrounding Amman. These interviews would be divided into a target of 183 trade establishments, 120 service establishments, and 95 industrial establishments.

Based on the sampling frame and number of questionnaires required, daily interview assignments were drawn up for each of the 28 interviewers. The assignments included a quota of interviews within a traffic zone and a readily identifiable sub-sector within the zone. A meeting point was identified in each district so that the supervisors could monitor the performance of the interviewers in the field. A description of the frame sample and the target number of interviews to be conducted in each traffic zone is included in Annex Three.

Unfortunately, because of a number of delays in getting the required approvals, the survey had to be abandoned. However in the process of pre-testing the questionnaire and training interviewers, 50 interview forms were completed. In addition, four more pilot interviews were conducted with small business operators, but questionnaire forms were not completed. The results summarized in the next section are descriptions of this pre-testing and training process.

### Results

It should be noted that the results and commentary presented here are not based on a statistically valid sample selection and results should not be extrapolated. At the same time the results

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raise questions which have some bearing on how a small enterprise program should be designed. Where tabulations of responses are given, the total does not always add up to 50 since some answers were not usable and some data are missing.

### Area of Interviews

Interview teams were sent to zones set aside for training interviewers and pre-testing the questionnaire in two areas of Amman:

Downtown -- The central business district houses a large proportion of employment in the Greater Amman area. There is a large concentration of small-scale trade, services, and industry. Businesses downtown are older and better established than businesses in other areas. Rents are probably higher than elsewhere in the city. This is a low and middle income household area.

Shemeisani (Al-Burj area and Al-Shemeisani Center) -- This area is a low-density development of middle and high income households.

### Type of Economic Activity

The SARSA codes for industry, services, and trade were used to provide some basis for comparison with the National Village Level Survey. A very heavy representation was found for trade establishments, but this was most likely due to the area where the questionnaires were administered.

Category	Number	Percentage
Industry	2	4.0
Services	13	26.0
Merchants	<u>35</u>	<u>70.0</u>
Total	50	100.0

Business Owners

For more than 80 percent of the owners, the business was the main source of income. Forty percent of owners were native to Amman and another 15 percent came from other areas of Jordan.

	Number	Percentage
1. Gulf area	7	16.47
2. Other area in Jordan	6	14.29
3. West Bank or Gaza	8	19.05
4. Other foreign country	8	7.14
5. Resident of Amman	<u>18</u>	<u>42.86</u>
Total	42	100.40

All business owners had some education and 30 percent had a university degree. Another 28 percent had secondary education.

## Educational Level

	Number	Percentage
1. No education (cannot read or write)	-	
2. Basic literacy (read in Arabic, arithmetic)	2	3.77
3. Primary	7	13.21
4. Preparatory	5	9.43
5. Secondary	15	28.30
6. Diploma	3	5.67
7. University degree	16	30.19
8. Vocational training	2	3.77
9. On-the-job training	2	3.77
10. Apprenticeship training	-	
11. Other	<u>1</u>	<u>1.89</u>
Total	53	100.00

The vast majority of businesses were individual proprietors or partnerships.

#### Form of Ownership

Ownership	Number	Percentage
1. Sole proprietor	25	50.0
2. Partnership	22	44.0
3. Cooperative	1	2.0
4. Stock company	1	2.0
5. Other (explain)	<u>1</u>	<u>2.0</u>
Total	50	100.0

It appears that a disproportional percentage of the businesses surveyed were owned by women. This question should be addressed in any follow-up research.

#### Owner by Gender

Number of male owners	46
Number of female owners	4
Married	2
Widowed	2

#### Starting Other Businesses

Some individuals have the personality type that enjoys starting a new venture, but does not enjoy running the business. These entrepreneurs often have a pattern of starting new

businesses and selling them off and moving on to something new. If such individuals can be identified and provided with support, this might be a viable strategy for starting new businesses.

The question of whether a business owner had previously started another business was included to determine whether this category of entrepreneur might be present in Jordan. The results are inconclusive, but it appears that there are enough individuals who have started other businesses to warrant further investigation. At least four of the respondents had started previous businesses and spun them off by selling them or giving them to family members.

#### Established Other Business

	Number	Percentage
Yes	9	19.0
No	<u>38</u>	<u>81.0</u>
Total	47	100.0

#### Disposition of Previous Business

	Number	Percentage
1. Sold to someone	2	22.22
2. Gave to family member	2	22.55
3. Quit business because unprofitable		
4. Other (specify)	5	55.55

### Problems of Registering Businesses

The question was asked, "What kind of problems did you face in registering this business?" The results of this question should be viewed with some skepticism. The interviewers had to identify themselves as conducting a study on behalf of the Ministry of Planning; the effect this would have on the frankness of answers is unknown.

#### Kind of Problems Faced in Registering Business

	Number	Percentage
1. Complicated procedures	5	9.60
2. Expensive	8	15.40
3. Delays	3	5.76
4. Lack of knowledge of how to register	1	1.92
5. No problems	30	57.60
6. Business probably is not registered	0	--
7. Other	<u>5</u>	<u>9.6</u>
Total	52	100.0

### Business Associations

Question: Which business associations or cooperatives are you affiliated or registered with?

Business Association Registered With

	Number	Percentage
1. PVO	2	3.3
2. Cooperative	1	1.7
3. Owners' syndicate	8	13.3
4. Chamber of commerce	31	52.0
5. Chamber of industry	9	15.0
6. Workers or farmers association		
7. Other	1	1.7
8. None	<u>8</u>	<u>13.3</u>
Total	60	100.0

A vast majority of the business owners were associated with some type of business association. The largest number belong to the Chambers of Commerce or Industry, membership in which is required for a large number of businesses. Eight of the owners belonged to an owners' syndicate and an equal number had no organizational membership.

Over half of the respondents said that the organization they belonged to provided no services and that membership in the organization was mandatory for them.

Services Offered by the Association

	Number	Percentage
1. Education/training/ feasibility studies	2	4.30
2. Credit	2	4.30
3. Cooperative purchase	2	4.30
4. Repair facilities	1	2.17
5. Other business related assistance		
6. Social functions	2	4.30
7. Insurance or widow's fund	2	4.30
8. No services	25	54.30
9. Other	<u>7</u>	<u>15.2</u>
TOTAL	46	100.00

Part-time Businesses

One quarter of the business owners were in the business only part time. Part-time owners' other business interests were not probed.

Full-Time/Part-Time Owners

	Number	Percentage
Full time	35	74.5
Part time	<u>12</u>	<u>25.5</u>
Total	47	100.0

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Workers

Twenty-two of the 50 businesses surveyed had a total of 38 paid employees. Over a quarter (10) of these employees were not Jordanian. Two were part-time piece rate workers. Over a quarter of the employees (11) were part-time workers.

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Wage earners (Jordanian)	
Full time	18
Part time	7
Wage earners (foreign)	
Full time	8
Part time	2
Piece rate workers	
Full time	--
Part time	2
Total	37

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Forty percent of the businesses had family members working in the business. This was split fairly evenly between full-time and part-time work. Male relatives and children often helped with sales, performed labor, and did errands. The spouse and female relatives were involved in the business in approximately 10 percent of the cases.

## Family Members Working in the Business

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	Number	Percentage
Yes	21	41.2
No	<u>30</u>	<u>58.8</u>
Total	51	100.0

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### Going Into Business

Multiple responses were recorded for the reason for getting into business. Forty percent of the responses given were because of either personal desire or an opportunity for income. Twenty percent of the business owners took over a family-run business. More than 20 percent of the businesses (11 out of 50) were founded when the owner came to Jordan from the Gulf or another country.

#### Decision to Get into Business

	Number	Percentage
1. Inheritance or family business	16	19.00
2. Study or training	6	7.10
3. Personal desire	21	25.00
4. Opportunity for income	13	15.50
5. Couldn't find a job	5	5.90
6. Needed additional income	3	3.57
7. Came to Jordan from another job in Gulf	9	9.52
8. Other reasons (permanent resident)	<u>9</u>	<u>10.70</u>
Total	84	100.00

Over 70 percent of those responding said they did not receive a loan to assist them in starting a business. Of the 15 positive responses, a surprising 14 said that a bank was the source of the loan. Only one said that family or friends were sources of the loan. This proportion is probably the result of a poorly framed question, but the point should be investigated.

## Loans to Help Start a Business

	Number	Percentage
Yes	11	26.2
No	<u>31</u>	<u>73.8</u>
Total	42	100.0

## Source of Loan for Business Start-up

	Number	Percentage
1. Friends or relatives	1	7.0
2. Private bank	11	73.0
3. Government bank	<u>3</u>	<u>20.0</u>
Total	15	100.0

Marketing assistance was mentioned by one third of respondents as something which would have been useful to them in starting their business. More than 25 percent mentioned loans or some other type of financial assistance as desirable in helping them to get started.

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### Useful Services/Assistance to Start Business

	Number	Percentage
1. Marketing assistance	16	33.3
2. Loan for fixed assets	4	8.3
3. Loan for working capital	7	14.6
4. Other financial assistance	2	4.2
5. Technical knowledge	4	8.3
6. Licensing assistance	2	4.2
7. Other	2	4.2
8. Nothing	<u>11</u>	<u>22.9</u>
Total	48	100.0

### Bank Relationships

Eighty-five percent of those responding said they had an account at a bank. The reasons offered most often for not maintaining an account are the lack of cash balances or a high indebtedness position.

### Bank Accounts

	Number	Percentage
Yes	41	84.5
No	<u>7</u>	<u>14.5</u>
Total	48	100.0

Reasons for Not Having a Bank Account

	Number	Percentage
1. No need	2	25.0
2. Religious reasons	1	12.5
3. Complicated procedures	0	--
4. Not convenient	0	--
5. No cash or debt too large	4	50.0
6. Other	<u>1</u>	<u>12.5</u>
Total	8	100.0

Less than 40 percent of small businesses have ever had a business loan from a bank. This would tend to support the view held by bankers that a large number of small business depository accounts have never been credit accounts. More than 60 percent of those who never had a business loan claimed no need for a loan. Thirty percent did not apply for loans because of either a refusal to pay interest or interest rates being too high.

Business Loans From a Bank

	Number	Percentage
Yes	15	38.5
No	<u>24</u>	<u>61.5</u>
Total	39	100.0

## Reason for No Bank Loan

	Number	Percentage
1. Cannot repay	1	5.3
2. No need	12	63.1
3. Refusal to pay interest	3	15.8
4. Interest rates too high	3	15.8
5. Complicated procedures		
Total	19	100.0

Of those business owners who received bank loans, the most commonly listed purpose, almost 45 percent, was for financing of inventory. Five individuals mentioned equipment finance as the purpose of the loan. Loans were received from special credit institutions by six individuals.

## Use of Bank Loan

	Number	Percentage
1. Building	--	
2. Equipment	5	18.5
3. Inventory	12	44.4
4. Emergency	--	
5. Expansion	4	15.0
6. Other	<u>6</u>	<u>22.2</u>
Total	27	100.0

### Supplier Relationships

Small businesses generally deal with a fairly large number of suppliers. The mean number of suppliers for those who responded was over ten. More than 60 percent of the small businesses indicated that they received credit or were allowed deferred payment from suppliers. For those who did not receive credit, the reasons were varied.

#### Purchasing on Credit from Supplier or Wholesalers

	Number	Percentage
Yes	29	61.7
No	<u>18</u>	<u>38.3</u>
Total	47	100.0

#### Reason for Not Purchasing on Credit from Suppliers

	Number	Percentage
1. No need	8	42.1
2. Credit price too high	3	15.8
3. Religious reasons	2	10.5
4. Don't want to be in debt	2	10.5
5. Supplier does not offer credit	2	10.5
6. Discount for cash	1	5.3
7. Other	<u>1</u>	<u>5.3</u>
Total	19	100.0

Whether a business used supplier credit or not appears to be related to the length of time that the business had been established. Newer businesses are less likely to have access to supplier credit.

Purchase from Supplier by Years in Business

Purchase from supplier on credit?	Years in Business			
	0-9	10-29	20-29	>30
Yes	13	5	9	3
No	13	4	1	0
Total	26	9	10	3

The amount of credit outstanding with suppliers ranged from nothing to JD 20,000. The mean was JD 8,152. About one quarter of respondents were aware that there was an established credit limit set by the supplier. The normal repayment period ranged from three days to one year with the mean being 72 days.

Amount Owed to Suppliers

JD Owed	Number of businesses	Percentage
0	33	66
1- 999	7	14
1000-1999	2	4
2000-2999	1	2
3000-3999	0	0
4000-4999	0	0
5000-5999	2	4
6000-6999	0	0
7000-7999	0	0
8000-8999	1	2
9000-9999	0	0
above 10000	4	8
Total	50	100

The conditions attached to supplier credit were interest charges (two cases) and no price reductions for volume purchases (nine cases). Two respondents mentioned that goods were given to them on consignment and that they did not pay for them until the goods were sold.

Discounts are offered for cash payments to more than 70 percent of the respondents. Of the 27 who mentioned cash discounts, the discount ranged from 1 percent to 30 percent. The mean discount was 7.1 percent.

#### Discount for Cash Payment

	Number	Percentage
Yes	28	71.79
No	<u>11</u>	<u>28.21</u>
Total	39	100.00

The mean monthly amount spent for raw materials, supplies, parts, and goods for resale was JD 4,298.

#### Business Problems

Marketing is mentioned most often as the major problem in the business. In the "other" category is a businessman who was closed down by the health office for no apparent reason and another who is having trouble getting imported materials for sale.

## Major Problems in Business

	Number	Percentage
1. Technical	3	4.41
2. Finance	5	7.35
3. Personnel	6	8.82
4. Lack of demand	8	11.76
5. Marketing	14	20.59
6. Management of the business	3	4.41
7. None	18	26.47
8. Other	<u>11</u>	<u>16.47</u>
Total	68	100.00

When asked what services or assistance could be provided to overcome the problems mentioned, a wide range of answers was given.

## Services or Assistance that Could Overcome Problems

- . Provision of Jordanian labor
- . Don't know
- . Preparation of equipment
- . Advertising assistance
- . Training of personnel and employees
- . Imposing laws on foreign imports
- . Aid in financing
- . Reduction in telephone costs/advertising for poster and licenses
- . Organization of sectors and businesses
- . Organization of trade
- . Giving rational health reasons and statutes for closure of businesses
- . Allowing further export and trade
- . Standardizing lunch break for all
- . Cancellation of income tax
- . No problems
- . Overcoming bank difficulties
- . Reducing advertising fees

The mention of advertising three times was somewhat surprising. It has been suggested that the translation from Arabic confused the concepts of advertising and marketing.

#### Bank Card

When asked if a bank card with a JD 1,000 credit limit and 90-day payment terms were available, 25 percent said that it would be better than present arrangements. However the amount of the credit limit was listed as being too low by 6 of the 36 who indicated the card was inferior to present arrangements. The mean amount listed as being a useful credit by 18 respondents was JD 4,315. Twenty of the 50 respondents said they would be willing to pay JD 5 per year to have additional credit with suppliers.

#### Project Implications

As indicated earlier, extrapolation from this data is hazardous and may be misleading. However it should be noted that a quarter of the respondents indicated the bank card would be superior to their existing arrangements for financing inventory. Forty percent said they would be willing to pay for such a card. If we can make some rough projections we can estimate about 14,000 businesses in the country would find the bank card superior to present financing arrangements. Approximately 22,000 would be willing to pay to have a bank card. This is before any education and promotion has been done and this could be expected to raise demand. If each card were to carry the JD 4,315 average balance as indicated from the data, the potential credit demand could be on the order of JD 95 million (\$285 million).

Considering that many potential applicants would not be creditworthy, that spread of acceptance of the concept may be

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slow and that other areas of the country would not be as enthusiastic, the effective demand for such a product will probably keep the full \$20 million fund fully loaned out. In fact, the problem would more likely be allocation of credit.

Another observation that arises is that marketing was mentioned frequently as the biggest problem at start-up and was also most frequently mentioned as a current problem. This would indicate that any program to assist small businesses should include market research and market development assistance.

From the overwhelming number of respondents who said the business associations offer no services, someone should take a look at the trade organizations to see if business services could be improved. This could perhaps be incorporated into the work plan of the Private Sector Services Project.

From the sketchy data presented here it is evident that a number of questions were raised and further research should be devoted to the topic.

ANNEX 1. ENGLISH SURVEY QUESTIONNAIRE

SMALL ENTERPRISE DEVELOPMENT

Questionnaire No. \_\_\_\_\_

Name of enumerator \_\_\_\_\_

Little information is now available about small scale entrepreneurs in Jordan. The purpose of this study is to develop a profile of the basic socio-economic characteristics of this group. Results will be used to design programs which satisfy the needs, and are appropriate to the backgrounds and skills of the group.

INFORMATION FOR THE INTERVIEWER TO NOTE

A.) Name of establishment \_\_\_\_\_

B.) Location of business (city) \_\_\_\_\_

C.) Location of business (district) \_\_\_\_\_

D.) Location of business (traffic zone) \_\_\_\_\_

E.) Gender of owner \_\_\_\_\_ male \_\_\_\_\_ female

NOTE: IF OWNER IS FEMALE ASK IF SHE IS \_\_\_\_\_ widowed; or  
\_\_\_\_\_ divorced

F.) Type of economic activity. (Use SARSA codes) \_\_\_\_\_

G.) Note any observations about the business which might be helpful in understanding the situation.

NOTE TO INTERVIEWER: Introduce yourself and tell the respondent about the purpose of the questions. Emphasize that the information is to be confidential and that the answers will help in designing a program more useful to his/her needs. Talk to the business owner.

- 1.) Form of ownership.
1. Sole proprietor\_\_\_\_\_
  2. Partnership\_\_\_\_\_
  3. Cooperative\_\_\_\_\_
  4. Stock company\_\_\_\_\_
  5. Other (explain)\_\_\_\_\_

2.) How many years ago did you establish your business?\_\_\_\_years

2-a) Have you started other businesses before this?

\_\_\_\_\_ yes If yes: \_\_\_\_\_ no

What happened to the business(es)?

- \_\_\_\_\_ sold to someone
- \_\_\_\_\_ gave to family member
- \_\_\_\_\_ quit business because unprofitable
- \_\_\_\_\_ other (specify)\_\_\_\_\_

3.) What kinds of problems did you face in registering this business? (check all appropriate categories)

- \_\_\_\_\_ complicated procedures
- \_\_\_\_\_ expensive
- \_\_\_\_\_ delays
- \_\_\_\_\_ lack of knowledge of how register
- \_\_\_\_\_ no problems
- \_\_\_\_\_ business probably is not registered
- \_\_\_\_\_ other

4.) Which business associations or cooperatives are you affiliated or registered with? (Check all which apply)

\_\_\_\_\_ private voluntary organization (specify) \_\_\_\_\_

\_\_\_\_\_ cooperative (specify) \_\_\_\_\_

\_\_\_\_\_ owners syndicate (specify) \_\_\_\_\_

Is this membership required for your profession?

\_\_\_\_\_ yes \_\_\_\_\_ no

\_\_\_\_\_ Chamber of Commerce

Is this membership required for your profession?

\_\_\_\_\_ yes \_\_\_\_\_ no

\_\_\_\_\_ Chamber of Industry

Is this membership required for your profession?

\_\_\_\_\_ yes \_\_\_\_\_ no

\_\_\_\_\_ workers or farmers association (specify) \_\_\_\_\_

\_\_\_\_\_ other (specify) \_\_\_\_\_

\_\_\_\_\_ none

NOTE TO INTERVIEWER: RECORD ANY RELEVANT REMARKS THE RESPONDENT MAKES REGARDING ASSOCIATIONS. E.g. There is no association for this business.



4-a.) IF OWNER BELONGS TO ASSOCIATION(S) ASK:What services are offered by the associations you are affiliated with?

- \_\_\_\_\_ education/training/feasibility studies
- \_\_\_\_\_ credit
- \_\_\_\_\_ cooperative purchase
- \_\_\_\_\_ repair facilities
- \_\_\_\_\_ other business related assistance  
(specify) \_\_\_\_\_
- \_\_\_\_\_ social functions
- \_\_\_\_\_ insurance or widow's fund
- \_\_\_\_\_ no services offered
- \_\_\_\_\_ other (specify) \_\_\_\_\_

5.) List number of owners and whether they work full time or part time in this business.

\_\_\_\_\_ full time                      \_\_\_\_\_ part time

5-a.) How many workers are in your business? (Note all appropriate categories)

Wage earners(Jordanian)	full time_____	part time_____
Wage earners(foreign)	full time_____	part time_____
Piece rate workers	full time_____	part time_____
Total	full time_____	part time_____

NOTE: COUNT THE NUMBER OF EMPLOYEES SEEN ON THE PREMISES. \_\_\_\_\_

5-b.) Do any of your family members work with you in this business?                      \_\_\_\_\_ yes                      \_\_\_\_\_ no

5-c.) Does this person(s) receive pay or is person(s) unpaid?

NOTE THE CODE TO BE USED IN EACH CATAGORY BELOW

Number of workers

P = paid U = unpaid

_____ spouse	full time_____	part time _____
_____ children	full time_____	part time _____
_____ female relatives	full time_____	part time _____
_____ male relatives	full time_____	part time _____



7.) Where would you advise someone to go to get a loan to start a business like yours?

- \_\_\_\_\_ friends or relatives
- \_\_\_\_\_ private bank (specify) \_\_\_\_\_
- \_\_\_\_\_ Government bank (specify) \_\_\_\_\_
- \_\_\_\_\_ savings
- \_\_\_\_\_ other (specify) \_\_\_\_\_

7-a) Where did you go to get financing to start your business?

- \_\_\_\_\_ friends of relatives
- \_\_\_\_\_ private bank (specify) \_\_\_\_\_
- \_\_\_\_\_ Government bank (specify) \_\_\_\_\_
- \_\_\_\_\_ savings
- \_\_\_\_\_ other (specify) \_\_\_\_\_

7-b.) Have you ever had any business loans from a bank?

- |                       |                           |
|-----------------------|---------------------------|
| _____ yes             | _____ no                  |
| What was it used for? | If no, why not?           |
| _____ building        | _____ cannot repay        |
| _____ equipment       | _____ no need             |
| _____ inventory       | _____ refusal to pay      |
| _____ emergency       | _____ interest            |
| _____ expansion       | _____ interest rates high |
| _____ other (specify) | _____ complicated         |
| _____                 | _____ procedures          |

8.) If I were to start a business, what services or assistance do you think would be useful to me?

- marketing assistance
- loan for fixed assets
- loan for working capital
- supplier account
- technical knowledge
- licensing assistance
- other (specify) \_\_\_\_\_

9.) How many suppliers do you deal with? \_\_\_\_\_

10.) Do you purchase on credit from suppliers or wholesalers?

yes                       no

If no:

Why not? Check all which apply

- no need
- credit price too high
- religious reasons
- don't want to be in debt
- supplier does not offer credit
- discount for cash
- other (specify) \_\_\_\_\_

11.) Approximately how much do you owe to suppliers now?

JD \_\_\_\_\_

11-a.) What is the normal payment period offered by your suppliers? \_\_\_\_\_ days. NOTE IF THERE ARE DIFFERENT PAYMENT PERIODS OFFERED BY DIFFERENT SUPPLIERS.

11-b) If you get credit from suppliers, is interest charged?

\_\_\_\_\_ yes \_\_\_\_\_ no Rate charged? \_\_\_\_\_

11-c.) Do you receive a discount if you pay cash?

\_\_\_\_\_ yes \_\_\_\_\_ no

If yes:

What percent discount? \_\_\_\_\_

12.) How many other businesses like yours use supplier credit?

\_\_\_\_\_ none  
\_\_\_\_\_ few  
\_\_\_\_\_ many  
\_\_\_\_\_ almost all  
\_\_\_\_\_ don't know

13.) Approximately how much do you spend monthly for raw materials, supplies, parts and goods which you sell in your shop?

JD \_\_\_\_\_

NOTE: TAKE THE FIGURE GIVEN PER DAY OR PER WEEK AND CALCULATE ON A MONTHLY BASIS.

13-a.) How much choice do you have in obtaining credit with suppliers?

14.) Do you have an account at a bank?

\_\_\_\_\_ yes \_\_\_\_\_ no

If no:

Why not? (check all which apply)

\_\_\_\_\_ no money to put in

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bank

\_\_\_\_\_ no need

\_\_\_\_\_ religious reasons

\_\_\_\_\_ complicated

procedures

\_\_\_\_\_ not convenient

\_\_\_\_\_ other (specify)

15.) Do you receive credit from a specialized credit institution?

\_\_\_\_\_ yes

\_\_\_\_\_ no

If yes:

Did you have any trouble getting credit?

\_\_\_\_\_ yes

\_\_\_\_\_ no

16.) What are the major problems you are having in your business?

(Check all which apply)

\_\_\_\_\_ technical

\_\_\_\_\_ finance (specify) \_\_\_\_\_

\_\_\_\_\_ employees (specify) \_\_\_\_\_

\_\_\_\_\_ lack of demand

\_\_\_\_\_ marketing (specify) \_\_\_\_\_

\_\_\_\_\_ management of the business

\_\_\_\_\_ none

\_\_\_\_\_ other (specify) \_\_\_\_\_

17.) What services or assistance can be provided to overcome such problems?

①

18.) Is your main income from:

\_\_\_\_\_ This business \_\_\_\_\_ Other sources

19.) If a bank card were available for use with a number of suppliers which would give you JD 300 credit to be paid in 90 days, would it be better than your present arrangements?

\_\_\_\_\_ Yes \_\_\_\_\_ No

If no:

Why not?

\_\_\_\_\_ period too short

\_\_\_\_\_ amount too low

\_\_\_\_\_ religious reasons

\_\_\_\_\_ no need

\_\_\_\_\_ other (specify) \_\_\_\_\_

If yes:

19-a) If JD300 is not the right amount, then what amount would you find useful? \_\_\_\_\_ JD

19-b.) Would you be willing to pay a membership fee of JD5 per year for such a card which would provide additional credit with suppliers?

\_\_\_\_\_ Yes \_\_\_\_\_ No

20.) How long have you lived in \_\_\_\_\_ (Name city where interview is being given, e.g. Amman)

20-a.) Where did you live before that?

\_\_\_\_\_ always lived in (\_\_\_\_\_ e.g. Amman)

\_\_\_\_\_ moved here from another city in Jordan  
(specify) \_\_\_\_\_

\_\_\_\_\_ moved here from rural area (specify)  
\_\_\_\_\_

\_\_\_\_\_ Gulf area

\_\_\_\_\_ West Bank or Gaza

\_\_\_\_\_ other foreign country

21.) What is your age? \_\_\_\_\_ years

22.) What is your educational level?

\_\_\_\_\_ no education (cannot read or write)

\_\_\_\_\_ basic literacy (read in Arabic, arithmetic)

\_\_\_\_\_ primary schooling

\_\_\_\_\_ preparatory schooling

\_\_\_\_\_ secondary schooling

\_\_\_\_\_ university degree (specify) \_\_\_\_\_

\_\_\_\_\_ vocational/technical training (specify)  
\_\_\_\_\_

\_\_\_\_\_ on the job training

\_\_\_\_\_ apprenticeship training

\_\_\_\_\_ other (specify) \_\_\_\_\_

23.) Number of dependents \_\_\_\_\_

NATIONAL VILLOGE INVENTORY - BUSINESS SURVEY CODES

EXPLANATION OF SERVICE CODES

<u>CODE</u>	<u>DESCRIPTION</u>
6611	Restaurant, Coffee Shop, Cafeteria, Drinks
6650	Hotel, Resthouse
6710	Automotive Repair (including mechanical, body work, tire repair, etc.)
6720	Shoe Repair
6730	Other Repair
7210	Transport Services (Bus, Taxi, Servis Co., etc.)
7700	Travel Agents (including Shipping Agents)
8140	Banks
8200	Insurance Agents
8310	Money Exchanger (also other financial services)
8340	Real Estate Agent
8350	Lawyer
8360	Accountant, Auditor
8370	Technical Services (Architect, Engineer, Surveyors, etc.)
8380	Advertising
8395	Business Services (Copy Shop, Typing, Other Office Services)
9711	Cinema, Theater
9530	Doctor
9540	Dentist
9812	Laundry, Dry Cleaning
9820	Barber (including Hairdresser and Beauty Salon)
9890	Other Personal Services (including Photographic Studios)

NATIONAL VILLAGE INVENTORY - BUSINESS SURVEY CODES

EXPLANATION OF INDUSTRY CODES

CODE	DESCRIPTION
1	Agriculture, Forestry, and Fishing
2	Chemical, Fertilizer, and Other Mining
4	Grain Milling (including: cereals, coffee, & salt)
5	Bakery
6	Sweetshop (chocolate and sugar confectionary, ice cream)
7	Other Food Processing or Manufacturing (including olive presses)
8	Prepared Animal Food
9	Beverages Manufacturing
10	Tobacco Products
11	Textile Manufactures
12	Wearing Apparel (including tailors and dressmakers)
13	Shoe and Leather Manufacturing
14	Carpentry and Wood-working (including furniture)
15	Paper and Paper Products (including cardboard and cartons)
16	Printing and Publishing
17	Industrial and Other Chemical Manufacturing
18	Petroleum Products and Refining
19	Rubber and Plastics Manufacturing
20	Pottery and Glass Manufacturing
21	Cement, Lime, and Plaster Production
22	Other non-metallic Mineral Products (including tile and brick manufacturing and stone cutting)
23	Basic Metal Production (including ferrous and non-ferrous metals)
24	Fabricated Metal Products (except machinery)
25	Machinery Manufacture (except electrical equipment)
26	Electrical and Transportation Equipment
27	Other Manufacturing
30	Construction (including general contractors, plumbers, electricians, etc.)

NATIONAL VILLAGE INVENTORY - BUSINESS SURVEY CODES

EXPLANATION OF MERCHANT CODES

<u>CODE</u>	<u>DESCRIPTION</u>
6110	Wholesale Distribution of Agricultural Inputs
6130	Wholesale Distribution of Building Materials
6148	Wholesale Distribution of Automobiles and Heavy Equipment
6150	Wholesale Distribution of Household Goods and Hardware
6160	Wholesale Distribution of Clothing, Shoes, and Textiles
6170	Wholesale Distribution of Food, Drink, and Tobacco
6180	Wholesale Distribution of Medicines and Pharmaceuticals
6190	Wholesale Distribution of Other Goods
6210	Dealing in Scrap Metals and Other Materials
6300	Commission Agents
6410	Retail Distribution of Food Products (including grocery stores, butcher shops, poultry shops, etc.)
6420	Retail Distribution of Newspapers, Tobacco, and Liquor
6430	Retail Distribution of Pharmaceutical Products
6450	Retail Distribution of Clothing
6460	Retail Distribution of Shoes and Leather Goods
6470	Retail Distribution of Household Textiles
6480	Retail Distribution of Household Goods and Hardware
6510	Retail Distribution of Motor Vehicles and Parts
6520	Retail Distribution of Gasoline
6530	Retail Distribution of Books, Stationary, and Supplies
6540	Retail Distribution of Other Goods
6560	Retail Distribution of Mixed Goods

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ANNEX 2. ARABIC SURVEY QUESTIONNAIRE

## إقطاره

### مشروع قسمة الممتلكات التجارية الصغيرة

#### ملاحظات للمبحث

- اسم المصلحة:
- مكان المصلحة:
- جنس صاحب المصلحة: ١ - ذكر      ٢ - أنثى
- ملاحظة للمبحث: إذا كان صاحب المصلحة أنثى أسأل أنا كانت:
- ١ - أرمله      ٢ - مطلقه
- نوع المصلحة (استعمال تربييز سارسا)
- سجل اية ملاحظات عن المصلحة تساعد في توضيح العمود (خلف الصفة)
- اسم الباحث
- رقم الاستماره
- التاريخ

ملاحظة للمبحث: عرف نفسك للمقابل وشرح له هدف الاسئلة راكد له ان اجوبته ستبقى سرية وانها ستساعد في تنفيذ مشروع يلبي حاجاته \* اجري المقابلة مع صاحب المصلحة او من ينوب عنه \*

١ - نوع الملكيه

١ - مالك وحيد

٢ - شراكه

٣ - تعاونيه

٤ - شركه مساهمه

٥ - اخرى (حدد)

٢ - كم سنه مضت على تأسيس مصلحتك؟ سنه

٢ - ١- هل اسست مصالح اخرى قبل هذا ؟

١ - نعم

٢ - لا

انا كاه العوات نعم : ماذا حل بهذه المصلحه ؟

١ - بنته الى شخصي اخرى

٢ - اعطيته لفرد اخر من الاسره

٣ - تركت التمل لعدم الربح

٤ - اخرى (حدد)

٣ - ما هي المشاكل التي واجهتك لتسجيل المصلحه ؟ ( علم جميع الاجوبه المناسبه )

١ - مناملات معتده

٢ - التكلوه

٣ - الناصير

٤ - عدم معرفه طريقه التسجيل

٥ - بدون متنازل

٦ - المستلحه غير مسجله

٧ - اخرى (حدد)

٤- من المؤسسات / الجمعيات / النقابات بادناه مسجل لديها؟ (علم

جميع الاجوبه المناسبه)

١- مؤسسه تطريه خاصه (حدد)

٢- جمعته تعاونيه (حدد)

٣- نقابه اصحاب مصلحه (حدد)

هل العضويه ضروريه لمصلحتك؟ ١- نعم ٢- لا

٤- غرفه التجاره

٥- غرفه التساعه

٦- مؤسسه دينيه (حدد)

٧- مؤسسه عماليه او زراعيه (حدد)

٨- اخرى (حدد)

٩- لا شيء

ملاحظه للباحث: سئل ايه ملاحظات معينه تصدر عن المقابل تتعلق بهذه المؤسسات

٤- ا- ما هي الخدمات المقدمه من المؤسسه التي لك علاقه بها؟

١- تربويه / تدريبي / دراسات علميه

٢- ديني

٣- شراء تعاوني

٤- مراقبه صيانه

٥- مصالح اخرى تتعلق بالانامه (حدد)

٦- وظائف اجتماعيه

٧- تأمين او صندوق ائمان

٨- اخرى (حدد)

٥- هل يدوام صاحب المصلحه

١- دوام كلي ٢- دوام جزئي

٥- ا- كم عدد العمال في مصلحتك (علم جميع الاجوبه المناسبه)

١- عمال براتب (ارذنين) دوام كامل دوام جزئي

٢- عمال براتب (اجانب) دوام كامل دوام جزئي

٣- عمال متاوليه دوام كامل دوام جزئي

٤- مصنع دوام كامل دوام جزئي

ملاحظه للباحث: سئل عدد الموظفين الموجودين في مكان العمل

٥- ب- هل يعمل احد من افراد العائله في مصلحتك؟

٥-ج- هل يتقاضى هذا الفرد راتب او بدون راتب؟

استعمل الرموز التاليه وسهل الخند لكل من الاتي:

راتب (ر) بدون راتب (ب)

- الزوجه	دوام كلي	دوام جزئي
- الاولاد	دوام كلي	دوام جزئي
- قريبات	دوام كلي	دوام جزئي
- اقرباء	دوام كلي	دوام جزئي

٥-د- اذا كان الجواب نعم ما هي الاعمال التي يقومون بها (علم كل الاجوبه المناسبه)

زوجه	اولاد	قريبات	اقرباء
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٦- كيف قررت ان تعمل في هذه المصلحه؟ (علم جميع الاجوبه المناسبه)

- رغبة شخصيه
- برصه دخل
- لم اعد غملا
- حاده الى دخل امان
- اتى الى الاردن من شمال آخر ١ - من الخليج
- ٢ - من بلد آخر
- اخرى (حدد)

٧- هل استلمت قرض / دين لمساعدتك في تأسيس مصلمتك؟

١- نعم ٢- لا

اذا كان الجواب نعم، من اين؟

١- الاحتفاء او الاقارب

٢- بنك خاص (حدد)

٣- بنك حكومي (حدد)

٧-١ هل حصلت على قرض / دين لمصلمتك من بنك؟

١- نعم ٢- لا

اذا كان الجواب لا، لماذا؟

هل استلمت القرض لك

١- غير تادر على الدفع

١- البناء

٢- لا حاجة

٢- معدات

٣- يرفض دفع الفوائد

٣- بضاءه

٤- الفوائد مرتفعه جدا

٤- طوارىء

٥- السعاملات معقده

٥- توسع

٦- اخرى (حدد)

٨- عندما باشرت في مصلمتك ما هي الخدمات او المساعدة التي كان

- ٢- قرض للاسلاك الثالثه
- ٣- درجن للرأسمال المشغل
- ٤- معلومات فنيه
- ٥- مساعده في الترخيص
- ٦- اخرى (حدد)

٩- ما هو عدد التجار الذين تتعامل معهم؟

١٠- هل تشتري على الدين من التجار ومن يائعي الجملة؟

- ١- نعم
- ٢- لا

اذا كان الجواب لا، لماذا؟ (علم الاجوبه المناسبه)

- ١- لا اعاده
- ٢- نفس الدين مرتفع جدا
- ٣- اسباب دينيه
- ٤- لا يرغب ان يكون مدينونا
- ٥- التأخر لا يقدم دين
- ٦- خصم مقابل دفع بندي
- ٧- اخرى (حدد)

١١- الان، كم انت مديون للتجار تقريبا؟ دينار

١١- أ- ما هو الزمن الاعتيادي المقبول من التجار لتسديد الدين؟ يوما  
ملاحظه: سجل اذا كان هناك فترات زمنييه مختلفه مقبوله من التجار لتسديد الدين

١١- ب- هل يوجد شروط على الدين من التجار مثل:

- ١- فوائد نسبيه -----
- ٢- لا يوجد تخفيضات اسعار عند شراء كميات كبيره
- ٣- اخرى (حدد)

١١- ج- هل تحصل على خصم اذا دفعت نقدا؟

- ١- نعم
- ٢- لا

اذا كان الجواب نعم: ما هو نسبة الخصم

١٢- كم عدد المصالح الشبيهه بمصلحتك الذين يحصلون على قرض / دين

٦- عند قليل

٦- عند كثير

٤- الصحيح تقريبا

٥- لا اعرف

١٣- هل يوجد حد للدين / للقرض الذي تحصل عليه؟

١- نعم

٢- لا

١٣-١- ما هو مدى تأثير قرارك على حصولك للدين/ للقرض من التجار

الذين تتعامل معهم؟

١٤- كم هو مصروفك الشهري للمواد الخام، البضاعة، قطع غيار لاعادة

بيعتها؟ دينار

ملاحظة: سجل الرقم الشهري، سواء على الارزاق المتداولة بالدين او بالاسهم \*

١٥- هل لديك حساب في البنك؟

١- نعم

٢- لا

انا كان الصواب لا، طماننا؟ (ظم صبح الاغنية المسالمة)

١- لا طمان

٢- اسباب كثيرة

٣- معاملات معقدة

٤- غير ضمني

٥- اخرى (حدد)

١٦- هل تحصل على قرض/دين من مؤسسه متفصصه بالاقراض

١- نعم

٢- لا

انا كان الصواب نعم، فهل واجهت اية مشاكل في الحصول على دين؟

١- نعم

٢- لا

١٧- ما هي المشاكل الرئيسية التي تواجهك في عملك؟ (علم جميع الاجوبه المناسبه)

- ١- فنيه
- ٢- تمويل (حدد)
- ٣- موظفين (حدد)
- ٤- عدم الطلب
- ٥- التسويق (حدد)
- ٦- اماره عملك
- ٧- لا يوجد
- ٨- اخرى (حدد)

١٨- ما هي الخدمات او المساعدات الممكن توفيرها للتغلب على هذه المشاكل؟

١٩- هل دخلك الرئيسي من،

- ١- هذه المهنه
- ٢- مصادر اخرى

٢٠- اذا كان بإمكانك الحصول على بطاقة بنكيه تفولك من خلالها التعامل مع عدد من التجار والحصول على دين/قرض منهم على ان تسدها خلال ٩٠ يوما فهل هذا سيناسبك اكثر من وضعك الحالي؟

- ١- نعم
- ٢- لا

اذا كان الجواب لا: لساذا؟

١ - الكميّه قليله جدا

٢ - اسباب دينيه

٣ - لا حاجه

٤ - اخرى (حدد)

٢٠-١- ماهي كميّة الدين المناسب الذي تراه لهذه البطاقه؟ دينار

٢٠-ب- هل توافق على تسديد اشتراك سنوي بمقدار خمسة دنانير

للحصول على بطاقه تفولك الحصول على دين اضافي من التجار؟

- ١- نعم
- ٢- لا

(المدينه)

٢١- ما هي الفتره الزمنيه التي سكنتها في

٢١-١- أين سكنت قبل ذلك؟

١- النطيج

٢- سبطه اخري في الاردن

٣- الضفه الغربيه او غربه

٤- بك احبي

٢٢- ما عمرك؟ ----- سنه

٢٣- ما هي درجه تعليمك؟

١- امي (لا اقرأ ولا اكتب)

٢- تعليم سدس (تراهه غريبه ، صناع)

٣- دراسه مدرسه (نم اظن نرجه)

- العناش

- اعزادي

- ثانوي

٤- شهاده جامعه

٥- دراسه / ترب مهني (خند)

٦- تدريب مره خلال الفصل

٧- تدريب كمساند معلم

٨- اخري (خند)

شاكرين لكم حسن تعاونكم

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ANNEX 3. FRAME SAMPLE

District 1

-----

Zones Excluded :

- 3, 6 : No employment
- 14, 16 : No employment
- 15 : Public employment

Zone 1 :

-----

- Area to be covered : Faisal Square, Shabsoqh, Basman Street, excluding Gold Market
- Total questionnaires required : 17
  - Business : 10
  - Services : 3
  - Industry : 4

Zone 2 :

-----

- Area to be covered : From Salt street junction and Faisal Square junction until the Central Bank
- Total questionnaires required : 5
  - Business : 3
  - Services : 2

Zone 4 :

-----

- Area to be covered : Old Municipality area towards Al-Husseini Mosque
- Total questionnaires required : 3
  - Business : 1
  - Services : 1
  - Industry : 1
- Service activities available : Barbers, photographic studios, tailoring, textile manufacturing.

Zone 5 :

-----

- Area to be covered : Old Municipality area towards Zarqa carpark.
- Total questionnaires required : 5
  - Business : 2
  - Services : 1
  - Industry : 2
- Service activities available : bakery, blacksmithing, carpentry.

Zone 7 :

-----

Few business establishments were found in this zone, thus they were excluded.

- Total questionnaires required : 5
  - Services : 3
  - Industry : 2
- Service activities available : carpentry, automotive repair, olive presses.

Zone 8 :

-----

- Area to be covered : The Central Bank area, going north west towards traffic lights leading to Jabel Al-Hussein.
- Total questionnaires required : 5
  - Business : 2
  - Services : 1
  - Industry : 1
- Industrial activities available : Car uphoistery.
- Service activities available : Restaurants, automotive repair

Zone 9 :

-----

- Area to be covered : From traffic lights mentioned above to Al-Abdali carpark
- Total questionnaires required : 2
  - Business : 2

Zone 10 :

-----

- Area to be covered : Prince Mohammed Street, beginning at King Faisal Square until Wadi Saqra St.
- Total questionnaires required : 4
  - Business : 2
  - Services : 1
  - Industry : 1
- Industrial activities available : tailoring, printing, mirror manufacturing, furniture manufacturing
- Service activities available : photographic studios, Optica, Dental Lab

Zone 11 :  
-----

- Area to be covered : Wadi Saqra Street
- Total questionnaires required : 4
  - Business : 2
  - Services : 1
  - Industry : 1
- Industrial activities available : Bakery and carpentry

Zone 12 :  
-----

- Area to be covered : Al-Hashemi and Saqf Al-Seil Street, to the right and left of Al-Husseini Mosque. Al-Hamediah, Al-Bulnarian and the vegetable Markets
- Total questionnaires required : 10
  - Business : 3
  - Services : 2
  - Industry : 2
- Industrial activities available : Mirror textile manufacturing, and tailoring
- Service activities available : Restaurants and coffee shops

Zone 13 :  
-----

- Area to be covered : Tolal Street. From Al-Husseini Mosque 150m going south until the road bisects leading to Al-Misdar and Wehdar. Adding to it Saqf Al-Seil parallel to the street mentioned
- Total questionnaires required : 4
  - Business : 2
  - Services : 1
  - Industry : 1
- Industrial activities available : Textile manufacturing.

District 2

-----  
Zone 17 :  
-----

- Area to be covered : Wadi Al-Hadadah , area adjacent to the Palace, opposit the Citadel
- Total questionnaires required : 1
  - Services : 1
- Service activities available : Automotive repair, restaurants

Zone 19-20 :  
-----

- Area to be covered : Al-Hashemi Al-Janubi
- Total questionnaires required : 4
  - Business : 1
  - Services : 1
  - Industry : 2

Zone 21-22 :  
-----

- Area to be covered : Public Transport Institution area after Ain Ghazal Street and the tomb of the unkown soldier junction.
- Total questionnaires required : 1
  - Business : 1

Zone 24 :  
-----

- Area to be covered : Al-Nuzha area behind Jabal Al-Hussein along Al-Estiqlal Street
- Total questionnaires required : 3
  - Business : 1
  - Services : 1
  - Industry : 1

Zone 26-27 :  
-----

- Area to be covered : Al-Hussein Camp and Wadi Al-Hadadah
- Total questionnaires required : 8
  - Business : 3
  - Services : 3
  - Industry : 2
- Industrial activities available : Furniture, tailoring and carpentry
- Service activities available : Barbers and automotive repair

District 3

-----  
Zones Excluded :  
-----

36 & 37 uninhabited  
102 remote area  
29 only public sector employment.  
35 low population and employment density

Zone 28 :  
-----

- Area to be covered : Al-Manatta area before the airport roundabout
- Total questionnaires required : 7
  - Business : 2
  - Services : 3
  - Industry : 2
- Service activities available : automotive repair

Zone 30 :  
-----

- Area to be covered : Airport roundabout
- Total questionnaires required : 5
  - Business : 2
  - Services : 2
  - Industry : 1

Zone 31 :  
-----

- Area to be covered : After the airport roundabout along the right hand side of the main street (250m)
- Total questionnaires required : 3
  - Services : 1
  - Industry : 2

Zone 32 :  
-----

- Area to be covered : after the airport roundabout along the left hand side of the main street (250m)
- Total questionnaires required : 9
  - Business : 2
  - Services : 3
  - Industry : 4
- Industrial activities available : carpentry, textile manufacturing.

Zone 35 :

-----

- Area to be covered : Right hand side of the main street after the 250m mentioned above.
- Total questionnaires required : 10
  - Business : 2
  - Services : 3
  - Industry : 5
- Industrial activities available : Food processing, tile cutting, carpentry

District 4

-----

Zones Excluded :  
36, 40, and 41.

Zone 42 :

-----

- Area to be covered : Manara area/Jabal Al-Taj
- Total questionnaires required : 1
  - Business : 1

Zone 45 :

-----

- Area to be covered : Jabal Al-Naser
- Total questionnaires required : 6
  - Business : 2
  - Services : 2
  - Industry : 2
- Industrial activities available : Carpentry, Bakery, furniture, suitcase and textile manufacturing.
- Service activities available : Barbers.

- 131

District 5

-----  
Bashir Hospital (1120) excluded from zone 49.

Zone 46,47,48,49 :

- 
- Area to be covered : Jabal Al-Asnrafien
  - Total questionnaires required : 10
    - Business : 3
    - Services : 3
    - Industry : 4
  - Industrial activities available : Bakery, blacksmithing, carpentry, aluminum, shoes, textile manufacturing, tailoring

Zone 50-51 :

- 
- Area to be covered : Al-Wahdat
  - Total questionnaires required : 10
    - Business : 3
    - Services : 2
    - Industry : 5
  - Industrial activities available : Carpentry, Blacksmithing.

District 6

-----

Zones Excluded :

118 : Condensed employment: TV. & Broadcasting area

126 : Low employment density.

54, 57 : Low employment density and lack of data.

Weighted ratios of employment were the only source for distributing the Questionnaires .

Zone 52 :

-----

- Area to be covered : Al-Misdar
- Total questionnaires required : 3
  - Business : 1
  - Services : 1
  - Industry : 1

Zone 53 :

-----

- Area to be covered :
  - 1) Jabal Al-Natheef
- Total questionnaires required : 6
  - Business : 2
  - Services : 2
  - Industry : 2
  
- 2) Vegetable Market area
- Total questionnaires required : 5
  - Business : 3
  - Services : 1
  - Industry : 1

Zone 55 :

-----

- Area to be covered : Al-Rawdan, Al-Wandat past Middle East circle on the righthand side
- Total questionnaires required : 6
  - Business : 2
  - Services : 2
  - Industry : 2
- Industrial activities available : Bakery, printing  
blacksmithing

District 7

-----  
Zone 58 :  
-----

- Area to be covered : Al-Hamra area after Nazal area moving south
- Total questionnaires required : 9
  - Business : 5
  - Services : 2
  - Industry : 1

Zone 59 :  
-----

- Area to be covered : Jabal Al-Akhdar
- Total questionnaires required : 1
  - Business : 1

Zone 60 :  
-----

- Area to be covered : Al-Thra'a, south Jabal Al-Akhdar
- Total questionnaires required : 1
  - Business : 1

Zone 61 :  
-----

- Area to be covered : Hav Nazal
- Total questionnaires required : 3
  - Business : 1
  - Services : 1
  - Industry : 1

District 8

-----  
Zones Excluded :

-----  
76 : Wadi Abdoun 15 pointed for employment.  
75 : Agricultural and residential areas / Wadi Abdoun  
74 : Agricultural and residential areas / Wadi Abdoun  
73 : Agricultural and residential areas / Wadi Abdoun  
72 : Agricultural and residential areas / Wadi Abdoun  
71 : Agricultural and residential areas / Wadi Abdoun  
Cluster areas might be looked into afterwards and treated  
in a special manner.

Zone 62 :

- 
- Area to be covered : First circle area / Rainbow street, lefthand side towards the central area parallel to Greater Amman Municipality street
  - Total questionnaires required : 5
    - Business : 2
    - Services : 1
    - Industry : 2
  - Industrial activities available : Tailoring, Shoemaking

Zone 63 :

- 
- Area to be covered : Rainbow Street, righthand side to downtown along Mutran Street and the street which links the first circle with the second circle to the left hand side including the Water Tower (Hawood)
  - Total questionnaires required : 6
    - Business : 3
    - Services : 2
    - Industry : 1

Zone 64 :

- 
- Area to be covered : the area between the first and second circle to the right hand side including the business area in Prince Mohamed Street, from Wadi Saora traffic lights to Al-Burj Building
  - Total questionnaires required : 10
    - Business : 6
    - Services : 3
    - Industry : 1
  - Industrial activities available : Furniture, Bakery

Zone 65 :

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- Area to be covered : Second circle to the Third circle the right hand side (Jordan Intercontinental Hotel) including the business area from Prince Mohamad Street to Al-Surj Building to the Third circle
- Total questionnaires required : 10
  - Business : 7
  - Services : 3

Zone 66 :

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- Area to be covered : Between the Second circle and the Third circle left hand side across Ras El-Ein Street
- Total questionnaires required : 5
  - Business : 3
  - Services : 1
  - Industry : 1

Zone 67 :

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- Area to be covered : Between the Third and the Fourth circles.
- Total questionnaires required : 1
  - Business : 1

Zone 68 :

-----

- Area to be covered : Between the Third and the Fourth circles to the right hand side of the street
- Total questionnaires required : 1
  - Business : 1

Zone 69 :

-----

- Area to be covered : Between the Fourth and the Fifth circles to the right hand side of the street
- Total questionnaires required : 1
  - Business : 1

126

Zone 70 :

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- Area to be covered : Between the Fourth and the Fifth circles to the north of the street
- Total questionnaires required : 1
  - Business : 1

Zone 139 :

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- Area to be covered : Um-Utnaina area
- Total questionnaires required : 4
  - Business : 2
  - Services : 2

District 9

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Zone 77 :

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- Area to be covered : Jabal El-Weibden, the water tower (Hawoos) area along El-Khayyam road to Jabel El-Weibden
- Total questionnaires required : 7
  - Business : 4
  - Services : 2
  - Industry : 1

Zone 78 :

-----

- Area to be covered : Jabal El-Weibden, Al-Sharia'a Mosque and Salam Building to the Jordan Ice-skating Center
- Total questionnaires required : 5
  - Business : 3
  - Services : 2

Zone 79 :

-----

- Area to be covered : Al-Muntaza Circle, Greek Orthodox Church and the area surrounding Al-Hadi carpark
- Total questionnaires required : 9
  - Business : 5
  - Services : 3
  - Industry : 1

Zone 80 :

-----

- Area to be covered : Jabal Al-Hussein area
- Total questionnaires required : 5
  - Business : 2
  - Services : 1
  - Industry : 2

Zone 81 :

-----

- Area to be covered : End of Jabal El-Hussein along with the Citadel after area zone no. 80.
- Total questionnaires required : 1
  - Business : 1

Zone 82 :

-----

- Area to be covered : As is shown on the Map
- Total questionnaires required : 4
  - Business : 2
  - Services : 1
  - Industry : 1

Zone 83 :

-----

- Area to be covered : As is shown on the Map
- Total questionnaires required : 5
  - Business : 3
  - Services : 2

Zone 84 :

-----

- Area to be covered : As is shown on the Map
- Total questionnaires required : 6
  - Business : 3
  - Services : 2
  - Industry : 1

Zone 85 :

-----

- Area to be covered : Salt Street between Ministry of Interior circle to the Parliament Building on both sides (ALIA offices) the Commercial area round Ministry of Industry and Commerce including Concord Building
- Total questionnaires required : 11
  - Business : 6
  - Services : 4
  - Industry : 1

Zone 86 :

-----

- Area to be covered : Western Jabal El-Weibdeh covering the Commercial area on the street along the secret services to King Abdullah Mosque. Righthand side up to the area surrounding Wadi Segra
- Total questionnaires required : 3
  - Business : 2
  - Services : 1

Zone 87 :

-----

- Area to be covered : Tyche Hotel area
- Total questionnaires required : 1
  - Services : 1

Zone 88 :

-----

- Area to be covered : Shmeisani area between Jordan Engineers Association Building and the street linking Wadi Saqra traffic lights and Gardens traffic lights including the aviary park and King Abdallah Gardens
- Total questionnaires required : 4
  - Business : 3
  - Services : 1

Zone 89 :

-----

- Area to be covered : Housing Bank Building, Arab Bank Building and New York New York Restaurant to the street along The Hussein Sport City and the Gardens
- Total questionnaires required : 28
  - Business : 16
  - Services : 10
  - Industry : 2

Zone 90 :

-----

- Area to be covered : Regency Hotel and Hussein Sport City
- Total questionnaires required : 2
  - Business : 1
  - Services : 1

Zone 91 :

-----

- Area to be covered : Holiday Inn area
- Total questionnaires required : 1
  - Business : 1

Zone 184 :

-----

- Area to be covered : Behind Hussien Sport City / Ein Ghazal Road
- Total questionnaires required : 5
  - Business : 3
  - Services : 1
  - Industry : 1

Zone 178 :

-----

- Area to be covered : Dahivet Al-Husseini
- Total questionnaires required : 3
  - Business : 2
  - Services : 1

For all districts adding up to Greater Amman 64 questionnaires were allocated :

Size of employment in each area is the standard by which number of questionnaires was selected. Al-Ragib was added to Abu Alanda area to match the nature of industries.

For Wadi-Sir and Jubeiha areas, public sector employment was subtracted from the total employment in the area due to its heavily weighted cluster. Thus the distribution was as follows :

WADI-SIR Area : 11 questionnaires.

Area will be divided into: a. Bavader Wadi Sir  
b. Downtown Wadi Sir

- Area to be covered : Bavader Wadi Sir
- Total questionnaires required : 3
  - Business : 2
  - Services : 1
  - Industry : 1
  
- Area to be covered : Downtown Wadi Sir
- Total questionnaires required : 5
  - Business : 2
  - Services : 2
  - Industry : 2
  
- Area to be covered: Garden Street.
- Total questionnaires required : 4
  - Business : 3
  - Services : 1
  
- Area to be covered : Al-Jubeiha Area
- Total questionnaires required : 10
  - Business : 6
  - Services : 3
  - Industry : 1
- Industrial activities available : Carpentry, Aluminum.
  
  
- Area to be covered : Sweileh Area
- Total questionnaires required : 11
  - Business : 5
  - Services : 3
  - Industry : 3
  
- Area to be covered : Abu Alanda and Ragib Areas.
- Total questionnaires required : 8
  - Business : 1
  - Services : 4
  - Industry : 3

- Industrial activities available : Blacksmithing, Aluminum, Tiling
  
- Area to be covered : Qweismeh and Juweideh.
- Total questionnaires required : 11
  - Business : 3
  - Services : 3
  - Industry : 5
  
- Area to be covered : Um-Alqusair and Muqablain areas.
- Total questionnaires required : 8
  - Business : 2
  - Services : 1
  - Industry : 5
- Service activities available : photographic studios, carpentry, gas station electrical equipment.

6. THE LEGACY OF THE SARSA STUDY

## INTRODUCTION

This report is based on document reviews in S&T/RD of relevant materials, discussions in Washington with staff in S&T/RD and the World Bank, discussions in Jordan with staff at the Mission and at the Ministry of Planning (MOP), and work in Jordan on Phase I and Phase II design of the Small Enterprise Project (SED) together with several weeks of interim work in Jordan between Phase I and II. This interim work was timed to overlap with the ILO consultant, so that we would be able to coordinate our projects. Discussions were also held with staff of the American University in Cairo engaged in research on SSEs, in FAO-Rome with staff of the Credit and Marketing Department and the Natural Resources Department, and in ILO-Geneva with staff of the Small Enterprise Division. A list of persons contacted is contained in Appendix 1.

### SARSA Documents

Specific details of the SARSA project, together with methods for accessing the database, are contained in an evaluation of SARSA/Jordan by Pat Vondel, S&T/RD. As discussed in Vondel's evaluation, very few documents were generated from the SARSA work. Appendix 2 provides a listing of known documents produced by SARSA. Prior to Phase I of the SED project, the consultant

obtained copies of these documents from Clark University. As neither the Mission nor the MOP had these reports, more copies were obtained back in Washington between Phase I and II, and sets were left with the Mission and with the MOP at the conclusion of Phase II.

## 1. SARSA DATABASE STUDIES

During Phase I and the interim period between Phase I and Phase II, several programs were developed using the SARSA database. The work was conducted with helpful assistance from several members of the MOP staff. By prior arrangement with Faris Nimry, the materials were left at the conclusion of Phase II with USAID for Mission staff perusal, thereafter to be collected by Dr. Nimry of the MOP.

A word of caution regarding the SARSA database: There are various weaknesses in the database entries which treat SSEs. Problem areas which users should be aware of include:

- . The Services, Merchant and Industry Code used for the questionnaire is not appropriate for all SSEs. It is designed for survey work conducted on formal sector firms which operate in a highly differentiated economic environment. Consequently, the code obscures some important features of informal sector SSEs, such as seasonality, household-base of the enterprise, labor mix, and multiple enterprise activity. Also not included in the code are a variety of more traditionally based SSEs -- particularly off-farm, agri-based, and women-centered activities. In consequence, the profile of SSEs in Jordan is not accurate.
- . The questionnaire is also misleading; some questions are framed in ways which guarantee under-reporting or otherwise incorrect answers.

Furthermore, the terminology in Arabic for some concepts is quite different from English; this is not reflected in the questionnaire. This issue is especially important in regard to the credit, which translates to several quite different words and associated meanings in Arabic.

Nevertheless, these data on small enterprises are the most comprehensive available and, if used cautiously, can provide some insights. These criticisms of the SARSA questionnaire are, with few exceptions, applicable to most of the large surveys which have been conducted on SSEs. The organizational characteristics and operating arrangements of SSEs are simply not easy to capture by statistical methods.

Five programs focusing on SSEs were run for all eight Governorates of Jordan. The programs are organized according to Industry, Merchant, and Service codes used by SARSA (see Appendix 2a). The results of the first four are briefly described; the last is discussed in more detail.

Program 1. SSEs in relation to:

- a. Number of Workers (>5; 6-25; 25<; none)
- b. Original Capital Investment
- c. Village Location
- d. Established Date

The majority of SSEs (more than 80 percent) employ fewer than five workers. Original capital investment is low for most: several hundred JD. More than 70 percent were established within the last decade; most of these are related to construction and consumers. This suggests that there is local investment of migrant money in SSEs and a related response to consumer spending in the construction industry. Figures for these investments are low. According to persons who took part in the survey, this was caused by under-reporting by respondents who were unsure of the disposition of the data.

Program 2. Effects of Government Policies on SSEs:

- a. Investment Law
- b. Labor Law
- c. Tax Law
- d. Credit Terms
- e. Price Controls
- f. Import/export Policy

The answers to these questions are unreliable: more than 90 percent responded that none of these policies negatively affected their business. As in program 1, the questions were framed in language too blunt to obtain reasonably accurate answers on such sensitive issues.

Program 3. Sources of Capital and Reasons for Using Them:

- a. Personal Funds
- b. Loans: Credit Institutions; Commercial Banks
- c. Joint Project
- d. Shares

These responses were predictable: Most -- more than 80 percent -- used personal funds. This is consistent with small business practices worldwide. The second source of start-up funds was commercial banks. The categories used here are too broad. 'Personal funds' should be disaggregated into own kin; married family; money lender; merchant or supplier; or a combination of these. Discussions with business owners indicated that obtaining start-up funds through supplier credit channels, while not common, is practiced -- particularly where the new enterprise owner is a neighbor or relative of the merchant supplying the funds.

Program 4. SSEs in Relation to:

- a. Date Established
- b. Original Capital
- c. Number of Staff
- d. Land and Buildings: Own; Rent
- e. Annual Rent

This run replicated several of the questions addressed in program 3. The significant finding was that more than 50 percent of the businesses interviewed rented their business space. Annual rent is another too-direct question which, because of its sensitivity, has been under-reported, and the responses are therefore unreliable.

Program 5. Correlation among:

- a. Village Population by Increments of 100
- b. Number of Villages in each Increment
- c. Enterprise Type

This proved to be the most interesting and informative cluster of variables. (Full results for the Governorate of Mafraq appear in Appendix 4a, 4b, and 4c for Mafraq Governorate.) The kind and quantity of SSEs, in relation to village size by increments of 100, provide several important findings relevant to SSE programming in Jordan in general, and in rural Jordan in particular.

Findings Based on Program 5

Village sizes in Jordan are quite small -- the majority have between 100 and 400 inhabitants, with 83 villages in Mafraq falling into this category. Villages with populations between 100 and 200 are the most numerous within this category (24 villages). All remaining aggregates (300 through 3,400) contain 45 villages -- excluding the town of Mafraq, with a population of 25,707. Two villages have populations between 3,100 and 3,400, and two villages have populations between 2,600 and 2,800.

This pattern of a dominant central town which is highly differentiated both economically and socially, and a relatively undifferentiated and homogenous hinterland, is a traditional feature of the Middle East with its millennia-old city state-based organization of economies and politics.

The difficulties of developing physical and institutional infrastructures, and related marketing networks necessary to support SSEs among such a thinly spread and undifferentiated hinterland, are reflected in the fact that very few SSEs are found in villages with populations below 1,200 -- the very interval in which the majority of villages fall.

In all three SSE sectors (Industrial, Merchant, and Service), food- and construction-related firms have the heaviest concentration both spatially and numerically.

The concentration in construction may reflect high levels of consumer expenditures on home-building and furniture, associated in large part with migrant labor remittances. This situation supports statements by the staff of a regional vocational training center, who commented that both brick and tile classes, as well as furniture and cabinetry, were popular.

The extraordinarily high number of food stores at all village-aggregate levels suggests that these stores offer multiple services. In many LDCs village-level general stores are run by merchants who also purchase crops or other agricultural products (eggs, dairy products) from local inhabitants and then bulk them on. The economic power of these merchants can be considerable, for they often provide production credit to farmers to be paid back by the producer in kind at harvest. Repayment of consumer goods purchased on credit may also be deducted in kind from the agricultural products sold to the merchant. Such small multi-purpose stores may function for some villagers as a

micro-enterprise, supplementing other domestic income sources.

The correspondingly low number of agri-based enterprises suggests that the MOH/SARSA questionnaire was not designed to capture off-farm, domestically-based enterprises which should be treated as separate SSEs. This is a serious flaw in the research design, because these kinds of micro-enterprises tend to be important for women and for poorer members of the population. Because these enterprises tend to be home-based, may be seasonal, employ family members, may pay in kind to temporary labor assisting them, they are difficult to treat statistically. And yet, they increasingly operate as critical sources for income generation for both rural and urban inhabitants in all countries.

Related to the last point regarding the preponderance of multi-purpose food stores, the profile of Jordan's rural enterprise sector suggests a low level of economic differentiation of the rural economy, characterized by segmented markets and low levels of liquidity, and by logical extension, (1) an unfavorable environment for new SSEs in most areas; and (2) heavy reliance upon merchant/supplier credit and marketing transactions by pre-existing, smaller, agriculturally based (off-farm) SSEs.

#### Conclusions and Recommendations Based on SARSA Data

The most important finding is based on Program 5. It suggests that most of rural Jordan is characterized by a largely undifferentiated rural economy. Without sufficient economic diversification, there will be insufficient local market demand for the products of many SSEs.

This finding suggests that the MOP's current strategy of encouraging SSEs in rural areas may be impractical, except for (1) specific business lines that have a strong likelihood of either being vertically coordinated through informal,

supplier/merchant or formal sector input/output linkages to larger towns, or (2) SSEs which can be accommodated by local market niches.

Undifferentiated rural economies are characteristic of many parts of the Middle East. The phenomenon is associated with complex environmental, demographic political, ethnic, and market conditions which cannot be resolved by production-led strategies aimed at implanting SSEs in the provinces.

Donors need to work with GOJ counterparts to better understand the complex conditions which exist, and to design strategies appropriate for them.

The immediate focus in rural areas should be on strengthening business linkages, not on providing more linkages or more SSEs.

These conclusions and recommendations are substantiated by open-ended interviews conducted with more than 70 SSE owners who were members of owners' guilds (Appendix 5), more than 40 owners and workers in private sector, cooperative-based firms (Appendix 6), and more than 20 merchant/suppliers who run wholesale or retail outlets (Appendix 7). These interviews were conducted throughout Phase I, the interim period, and Phase II, in both rural and urban areas.

## 2. HISTORICAL BACKGROUND TO THE SED PROJECT

### SARSA's Original Goal and How it Changed

The original goal of SARSA was to conduct two small studies of two different areas of Jordan. The analysis was to have been fully computer-based, using a technique known as spatial analysis. This technique is supposed to facilitate development planning by revealing development activities which ought to be promoted in a given geographic area, including infrastructural, social services, and business projects. Using this technique, and based upon statistical aggregates coordinated with certain geographic features, the SARSA team assisted the MOP in reorganizing rural government both vertically and horizontally: vertically, in terms of the administrative bodies organized from village-level to Ministry-level; horizontally, in terms of the numbers and boundaries of national districts and villages to be included in 'village clusters.'

Discussions with government staff indicated that misunderstandings arose between SARSA and MOP staff over some recommendations based on this reorganization -- particularly over where 'boundaries' would be drawn in relation to the administrative regions and the village clusters. Further discussions with persons both in and out of the government suggested that these

disagreements centered, from the MOP's perspective, on ensuring that pre-existing (largely informal) political boundaries would coincide with the boundaries being formally established by SARSA. However, these political boundaries were not always congruent with SARSA's empirically based modeling techniques. The tension between SARSA and MOP -- between scientific, empirical knowledge and political reality -- arose also in RRNA-MOP relations.

Similar, unarticulated misunderstandings among the SARSA team, the MOP, and the Mission concerned (1) what precisely the study was supposed to be doing, (2) where the results of the work would lead, and (3) who had control over the work, with regard to the team's activities. By default or by design, the SARSA team became pulled into MOP dynamics in ways which, ultimately, facilitated MOP political goals. This is neither a priori good nor bad. However, the failure of either SARSA or the Mission to critically analyze and articulate this shift obscured the way in which SARSA's scientific work was being integrated into the MOP's political agenda -- and whether this shift was consistent with Mission priorities.

#### MOP's Agenda

Briefly stated, the MOP agenda was to have SARSA survey the entire country (rather than two areas) -- in addition to (1) training many MOP and provincial staff members, (2) designing the institutional component for a revised, comprehensive, public sector rural government apparatus, and (3) assisting MOP staff, using the database generated by the SARSA project, to develop the five-year Rural Development Plan (published earlier this year).

The MOP's expanded rural government apparatus, with technical assistance from SARSA and funding by USAID, would establish a multi-tiered rural bureaucracy strikingly similar to Egypt's Nasserist, socialist-inspired rural government machine: an

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interlocked system of village cluster, subdistrict, district, and regional/municipal councils, the members of which would become muwazzafiin -- government employees, government supported.

Capitalization for economic activities of the councils would be obtained through income-generating projects similar to the Loan Development Fund (LDF), which was established in Egypt in the late 1970s with USAID support. The Jordanian equivalent of Egypt's LDF -- promoted by a coterie of public sector officials -- is the Regional Development Fund (RDF). RDF would be implemented through the City and Villages Development Bank (CVDB) and would finance revenue-generating projects of municipal councils, common service councils, cooperatives, private groups, and individuals. It would be under the institutional umbrella of the MOP (see Appendix 8).

The comparison with Egypt is important to point out because Egypt's experiments in both socialist and 'open door' forms of government policy have been closely watched, and sometimes emulated in Jordan. Many Jordanian government officials have been educated in Egypt's universities and therefore bring back attitudes and approaches to government institution-building and government/private sector dynamics based on the Egyptian experience.

#### RDF Organization

Several different working plans for the RDF were formulated. There was some disagreement both among GOJ officials and between MOP staff and SARSA staff over (1) where the RDF should be housed; (2) what authority the Governing Board of the RDF should have over project approvals; (3) how projects should be approved (MOP favored a highly-centralized method which allowed little independent action on the part of council); and (4) the kinds of projects which should be approved. The following SARSA version

is currently being promoted by MOP officials. However, debate still remains over these issues -- both within the MOP and among concerned GOJ officials.

It is proposed that a Regional Development Fund (RDF) be established to enhance the process of regional development of Jordan and which would build upon the institutional framework being formed for planning and project identification purposes [by SARSA]. The RDF would provide an avenue for the provision of credit and technical assistance to the private sector and local councils for regional projects and would provide an institutional focus for regional economic development within the country. The capital of the RDF would come from the national budget and from grants from donor countries...(emphasis added)

Funds from the RDF would be available only for employment, income and revenue generating projects. Basic services projects would continue to be funded through existing sources. The RDF would offer basically two types of loans

1. ...to municipal councils and common services councils...for direct revenue generating projects (such as slaughterhouses, central markets, transportation centers or small scale industry centers) or for modern technology-based demonstration projects to induce the private sector replicate successful council projects.

- 2...to cooperatives, private groups and individuals. Funds would be provided for income generation activities either in the agricultural or industrial sector.

In both cases, loan funds would be available only for projects pre-selected by the Subregional Development Councils as appropriate for their areas and considered by the administrators of the RDF as meeting national development objectives. Thus, final approval of the "List of Projects Eligible for Funding by the RDF" would rest with the RDF Coordinating Committee.  
(emphasis added).

SARSA thus facilitated the MOP's goal of developing a regionally based development plan by (1) working out the plans for regional government, and (2) sketching out a financial mechanism (RDF) that would support this rural, public sector government structure.

The "list of approved projects" mentioned in the quote above consisted of 30 categories of proposed projects generated by the SARSA database, organized by geographic distribution and by population. The list is being given by MOP to donors wishing to work with small scale enterprises (SSEs). The RRNA team was informed during Phase I that no research needed to be done on SSEs because the Ministry already had a list of the projects which should be funded. The list was given to the ILO representative last year, as a kind of shopping list to ILO by the MOP.

To date, councils have been established at the regional and subregional levels. The government is considering giving them fiscal decision-making powers for certain projects. The members of these councils are not salaried, but have been promised salaries, as soon as the RDF is capitalized. Technical assistance will be provided by staff located in the provincial offices. Specific procedures for providing TA have to be worked out. In short, there is no real implementation plan. Institutional organization and operation are still at the stage of interministerial planning.

### 3. SARSA-RRNA LINKAGES

During Phase I of the Small Enterprise Development Project (SED), a considerable amount of time was spent with MOP staff in attempting to ascertain the status of the SARSA data, since the team was initially told that these data did not exist in a usable form -- but according to Clark University, the data had been cleaned and were useable. Ultimately, the data were accessed and several helpful MOP staff assisted in writing up and running the series of programs discussed earlier. In spite of this initial hesitancy to disclaim the SARSA work, MOP saw a role for the RRNA team as a logical follow-on to SARSA activities. Quite legitimately (from its perspective) the MOP used the same negotiating strategy with RRNA which had been used with SARSA (and was used with the ILO consultant who went to Jordan to work out a training program for small scale entrepreneurs) namely, pressure consultants to follow a certain agenda, pre-set by MOP officials, but not fully explicated by these officials to either the Mission, RRNA consultants, or the ILO consultant.

#### The Agenda for RRNA Consultants

The agenda set by the MOP for RRNA was to work out the details of the RDF, so that the Regional Development Plan established with SARSA could be implemented -- with donor

assistance. As one MOP staff member put it, "...the RDF gives money to the villages; the projects from the villages [councils] and municipalities are sent to the Ministry of Rural Affairs in Amman for approval. They send a letter to the municipality, and the head of the municipality goes to the [CVDB] bank in Amman...but the problem is that the procedures have not been really well worked out yet..." 'Working out procedures' was the (somewhat) unstated task set by MOP for RRNA.

From the MOP's point of view, any discussion about institutional arrangements, bank arrangements, questionnaires, kinds of projects to be funded, WID issues, or training were largely superfluous, since (1) SARSA had already developed a public sector institutional plan which the MOP wanted, and (2) FAO, one MOP staff commented, "would provide the training to CVDB and in the provinces."

#### Differing Opinions in Government

At the same time, there were those in the government not convinced that RDF is a suitable institution to house the project. As one highly placed person put it: "They [RDF] are not in place -- they have no staff; they aren't capitalized; they are public sector with projects primarily to support local municipalities and councils; they are not specialized with in-place staff and facilities to do small business promotion; the MOP, the UNDP, the Interministerial Committee (of the RDF) and the RDF have not yet all come forward with the 'same story' based on factual data -- they have conflicting interpretations of the RDF."

"But," he stressed, "Don't exclude the RDF! [from your project design]...There is lots of political jockeying [among the banks] over who will control this project [SED], and so maybe it would be better to put it in RDF which is not in that fight --

and also, small businesses are needed in rural areas where there's little capitalization or training."

#### RRNA as a Follow-On to SARSA

RRNA, from the MOP's perspective, was basically performing a 'Phase II' function for its Regional Development Plan -- SARSA had performed Phase I: designing the basic public sector framework. MOP hoped that RRNA would be able to legitimize situating the Small Enterprise Development Project (SED) in the RDF, thus capitalizing this apparatus, as it would also work out the details of its operation.

Thus, from the MOP's perspective, efforts by RRNA staff in SED Phase II to conduct a survey were unnecessary. When pressure was placed on the MOP to proceed with the survey, RRNA staff were pushed, by increments, to cover the entire country. Here, as in the case of SARSA, the content of work was moved by the MOP from initial TOR requirements to requirements set by the MOP. Time for analysis and write-up was insufficient. With both SARSA and RRNA -- and related Mission involvement -- attention to technical aspects of the respective surveys, related debates over permissions, and discussions over the precise questions to be asked or not asked precluded a critical assessment of the historical and political context in which these negotiations were being transacted.

SARSA was moved from two, small studies to writing an entire Regional Development Plan, just as RRNA was redirected from designing the banking and institutional components of the SED project to conducting a nation-wide survey.

An article published in al-Ra'i on July 11 (during the period RRNA staff were negotiating the questionnaire) provides some of the political context in which RRNA and the Mission were

working (Appendix 9). It describes the RDF, its location in the CVDB, what these organizations will be doing, and how regional planning between 1986 and 1990 will improve the economy of rural Jordan by working with municipalities and other public sector institutions to establish new businesses -- and how the Inter-ministerial Committee for the RDF had been meeting to decide these matters.

### Political Agendas

In both the SARSA and RRNA projects, work often took place without sufficient knowledge of the long-term political agendas of various institutions. In neither case was the seriousness of the discrepancy between political reality and project activities dealt with appropriately: staff were unfamiliar with Jordanian political dynamics; senior-level counterparts to lobby on the project's behalf in the MOP and in other government agencies were lacking; the Mission staff were not familiar with the political landscape and therefore lobby were unable to effectively for their project with MOP or with other government counterparts; there was generally insufficient understanding of how MOP staff saw either the team or the project fitting into the larger scheme of things.

The last point is perhaps the most critical. From discussions with Jordanians both in and out of the MOP, it became clear that high-level MOP officials had promised USAID resources to clients both in CVDB and in the Governorates. SED would provide the funding and specific design for the implementation of the RDF, just as SARSA had provided the institutional analysis for the Regional Development Plan. ILO would provide training to CVDB and bank officials involved in the RDF.

Given this scenario, even if MOP staff were convinced that the SARSA-designed program would not work, a large network of

clients had already been promised that a nationwide program of village, sub-regional, regional, and municipal councils would eventually become paid, public sector council members, with annual budgets to spend on income-generating projects from their councils. MOP staff and their colleagues supportive of this enterprise would be hard-pressed to go back on this commitment to their constituents.

It is very important to note that even our counterpart was not fully informed of the MOP agenda. Even at the end of Phase II he was still searching out information that was divided among various factions within MOP. It is not a unified agenda; many staff are not convinced that the drive to establish a public sector, regional development apparatus and related fund are appropriate -- as currently envisioned. However, there is a powerful coterie of individuals both in and out of the MOP who do support such an enterprise. Hence, it is counterproductive to conclude that there is a conspiracy in the MOP, against donors or consultants. There does exist, however, a long-term political agenda which is shared by a number of patronage-linked individuals both in and out of the central government. The power of this coterie in large part derives from real and anticipated control over the garnering and disposition of donor resources. Certain components of this agenda run tandem with donor interests; other portions clearly do not. Hence, the agenda cannot be treated as a monolithic item which one is either for or against.

Political agendas are legitimate and must not be treated as conspiracies. It is up to the Mission -- and to a certain extent the consultants -- to ascertain what the political agendas are, who are and who are not the supporters, how these people are linked between and within different institutions, what their own long-term agenda is, and in what ways it does or does not correspond with donor-set priorities. Donors need to respond in a formally defined framework of negotiations in which appropriate

Mission, ministerial, and consultant staff participate. These negotiations must be open-ended, ongoing, and conducted by donors in a non-confrontational style.

## Appendix 1

Persons consulted regarding: SARSA, Donor Liaison, Supplier Credit, Marketing, Area-Based Research Facilities, and Public-Private Sector Institutional Linkages:

Amman, Jordan:

- Ahmad Abu-Shaikha, former Jordan counterpart Director of SARSA
- James Bunnell, Agricultural Economist on AID assignment in Jordan
- Thomas Cox, Agricultural Economist on AID assignment in Jordan
- Vincent Austin, Consultant, Small Enterprise Development - ILO

Cairo, Egypt:

- Layla Hammsi, Director, The Social Research Center, American University in Cairo
- Richard Pedersen, President, The American University in Cairo

Rome, Italy:

- Alan Horton, Director, Center for Mediterranean Studies of the American Universities Field Staff

FAO:

- John Abbott, Consultant, (retired Chief) Marketing and Credit Service
- Hans Mittendorf, Chief, Market and Credit Service
- Edward Seidler, Marketing Economist, Marketing and Credit Service
- Mr. Chipeta, Natural Resources Department, Small Enterprise-Energy Linkages

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Geneva, Switzerland:

## ILO:

- Stijn Albregts, Head, Small Enterprise Development
- Martin Pinder, Program Director, Small Enterprise Development
- Vincent Austin, Consultant, Small Enterprise Development
- Ruth Dixon, Consultant, Employment and Enterprise Development

## ZTC:

Washington, D.C.:

## World Bank:

- James Brown, Agro-Industries Advisor
- John Nellis, Public Sector Management Unit; Projects Policy Department
- Boris Pleskovic, Economist, Europe, Middle East and North Africa Region
- Sudhir Chitale, Economist, Europe, Middle East and North Africa Region

## USAID:

- Karen Keyes, Senior Research Analyst, Document Information Service
- Pat Vondel, S&T/RD
- John Grayzel, S&T/RD
- Sandra Friedman, S&T/RD

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## Appendix 2

## KNOWN SARSA DOCUMENTS

Honey, Rex et al.

- 1985 Planning Area Options for Jordan. Regional Planning Department, Ministry of Planning. June. Mimeo.  
[Unable to locate]

Nichols, S. and the SARSA Team

- n.d. Geographic Access to Basic Services in Jordan. Regional Planning Department, Ministry of Planning. Mimeo.  
[Unable to locate]

SARSA Team

- 1985 Subregional Planning and Project Design: A Development Study of the Balqa Governorate, Jordan. For: SARSA/USAID/S&T. Worcester, Mass: Clark University.
- 1986 Technical Assistance to the Ministry of Planning for Regional Planning in Jordan. For: SARSA/USAID/S&T. Worcester, Mass: Clark University.

Silcox, Stephen and Mahmoud el-Hadid

- 1985 Analysis of Local Institutions in Balqa Governorate: An Institutional Analysis from a Regional Planning Perspectives: A Case Study of the Governorates of Balqa, Jordan. For: SARSA/USAID/S&T. Worcester, Mass: Clark University.

A series of Issues Papers are also reported to have been produced by the SARSA Team while they were working in Jordan. With one exception (noted below), these could not be located in the MOP. Topics of the papers include:

- National Spatial Development Policy
- Regional Business Development Potential
- Greater Amman Comprehensive Development
- Land Readjustment
- Efficiency, Equity and Regional Development
- Indicators of Regional Equality in Jordan
- Marketing Opportunities for Jordan's Agricultural Produce in the Gulf Regions: A Regional Planning Perspective
- The Need for a National Land Use and Zoning Policy in Jordan
- A Proposal for a Regional Development Fund [this was located; a portion is quoted in this report]

APPENDIX 3. SARSA CATEGORIES

NATIONAL VILLAGE INVENTORY - BUSINESS SURVEY CODES

EXPLANATION OF SERVICE CODES

<u>CODE</u>	<u>DESCRIPTION</u>
6611	Restaurant, Coffee Shop, Cafeteria, Drinks
6650	Hotel, Resthouse
6710	Automotive Repair (including mechanical, body work, tire repair, etc.)
6720	Shoe Repair
6730	Other Repair
7210	Transport Services (Bus, Taxi, Servis Co., etc.)
7700	Travel Agents (including Shipping Agents)
8140	Banks
8200	Insurance Agents
8310	Money Exchanger (also other financial services)
8310	Real Estate Agent
8350	Lawyer
8360	Accountant, Auditor
8370	Technical Services (Architect, Engineer, Surveyors, etc.)
8380	Advertising
8395	Business Services (Copy Shop, Typing, Other Office Services)
9711	Cinema, Theater
9530	Doctor
9540	Dentist
9812	Laundry, Dry Cleaning
9820	Barber (including Hairdresser and Beauty Salon)
9890	Other Personal Services (including Photographic Studios)

NATIONAL VILLAGE INVENTORY - BUSINESS SURVEY CODES

RELATION OF INDUSTRY CODES

CODE	DESCRIPTION
1	Agriculture, Forestry, and Fishing
2	Chemical, Fertilizer, and Other Mining
4	Grain Milling (including: cereals, coffee, & salt)
5	Bakery
6	Sweetshop (chocolate and sugar confectionary, ice cream)
7	Other Food Processing or Manufacturing (including olive presses)
8	Prepared Animal Food
9	Beverages Manufacturing
10	Tobacco Products
11	Textile Manufactures
12	Wearing Apparel (including tailors and dressmakers)
13	Shoe and Leather Manufacturing
14	Carpentry and Wood-working (including furniture)
15	Paper and Paper Products (including cardboard and cartons)
16	Printing and Publishing
17	Industrial and Other Chemical Manufacturing
18	Petroleum Products and Refining
19	Rubber and Plastics Manufacturing
20	Pottery and Glass Manufacturing
21	Cement, Lime, and Plaster Production
22	Other non-metallic Mineral Products (including tile and brick manufacturing and stone cutting)
23	Basic Metal Production (including ferrous and non-ferrous metals)
24	Fabricated Metal Products (except machinery)
25	Machinery Manufacture (except electrical equipment)
26	Electrical and Transportation Equipment
27	Other Manufacturing
30	Construction (including general contractors, plumbers, electricians, etc.)

NATIONAL VILLAGE INVENTORY - BUSINESS SURVEY CODES

EXPLANATION OF MERCHANT CODES

<u>CODE</u>	<u>DESCRIPTION</u>
6110	Wholesale Distribution of Agricultural Inputs
6130	Wholesale Distribution of Building Materials
6148	Wholesale Distribution of Automobiles and Heavy Equipment
6150	Wholesale Distribution of Household Goods and Hardware
6160	Wholesale Distribution of Clothing, Shoes, and Textiles
6170	Wholesale Distribution of Food, Drink, and Tobacco
6180	Wholesale Distribution of Medicines and Pharmaceuticals
6170	Wholesale Distribution of Other Goods
6210	Dealing In Scrap Metals and Other Materials
6300	Commission Agents
6410	Retail Distribution of Food Products (including grocery stores, butcher shops, poultry shops, etc.)
6420	Retail Distribution of Newspapers, Tobacco, and Liquor
6430	Retail Distribution of Pharmaceutical Products
6450	Retail Distribution of Clothing
6460	Retail Distribution of Shoes and Leather Goods
6470	Retail Distribution of Household Textiles
6480	Retail Distribution of Household Goods and Hardware
6510	Retail Distribution of Motor Vehicles and Parts
6520	Retail Distribution of Gasoline
6530	Retail Distribution of Books, Stationary, and Supplies
6540	Retail Distribution of Other Goods
6560	Retail Distribution of Mixed Goods





Services: MAFRAG GOVERNORATE

Village Population Interval	No. of Villages	Pop est	1985	6611	6650	6710	6720	6730	7210	7700	8140	8200	8310	8340	8350	8366	8370	8380	8395	9812	9820	9890	9711	9530	9540
			Hotel	Auto Repair	Side Repair	Other Repair	Travel Agency	Travel Agency (Tourist)	Bank	Insurance Agency	Medical Exchange	Car Wash	Technical Services (Engineering, etc.)	Business Services	Barber	Other Services	Printer	Doctor	Dentist						
0-100	21		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100-200	24		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200-300	19		0	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0
300-400	19		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400-500	6		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500-600	7		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600-700	4		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700-800	4		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800-900	1	802	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900-1000	3		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000-1100	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1100-1200	1	1131	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1200-1300	4		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300-1400	1	1390	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1400-1500	1	1463	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1500-1600	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1600-1700	1	1690	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1700-1800	1	1719	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800-1900	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2600-2700	1	2676	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2700-2800	1	2718	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3100-3200	1	3193	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3300-3400	1	3369	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mafrag city	25707		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			107	4	80	1	8	2	5	9			1	9	3			3	24	31		13	5		

Appendix 6

Mafrag Governorate: Village Size - Nos. of Firms.

Services

MAP/SARSA Study

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Appendix 7  
NAGABA PROFILES

1. Name of nagaba: \_\_\_\_\_
2. Year established: \_\_\_\_\_
3. Registered with: \_\_\_\_\_
4. Membership: a. Executive Board: \_\_\_\_\_  
b. Active Members: \_\_\_\_\_  
c. Total Members: \_\_\_\_\_
5. Firm types: a. Importers: \_\_\_\_\_ e. Female: \_\_\_\_\_  
b. Wholesalers: \_\_\_\_\_ f. Micro: \_\_\_\_\_  
c. Retailers: \_\_\_\_\_ g. Small: \_\_\_\_\_  
d. Total: \_\_\_\_\_ h. non-Amman: \_\_\_\_\_
6. Labor profile:  
a. % using family labor: \_\_\_\_\_  
b. % using apprentices: \_\_\_\_\_  
c. % using hired labor (local: foreign?): \_\_\_\_\_
7. Number of meetings in 1986:  
a. For Executive Board: \_\_\_\_\_  
b. For General Membership: \_\_\_\_\_
8. Dues: \_\_\_\_\_
9. Other financial sources: \_\_\_\_\_  
\_\_\_\_\_
10. Activities: (a) in 1986: (b) which the nagaba would like to increase, have access to, or think their clients need, and why:  
a. Legal: representational: (a) \_\_\_\_\_  
\_\_\_\_\_ (b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
b. Social (khadamai: diniya: etc): (a) \_\_\_\_\_  
\_\_\_\_\_ (b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
c. Dispute settlement (among members: outsiders): (a) \_\_\_\_\_  
\_\_\_\_\_ (b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
d. Training (for selves: clients): (a) \_\_\_\_\_  
\_\_\_\_\_ (b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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e. Licensing assistance: (a) \_\_\_\_\_  
\_\_\_\_\_ (b) \_\_\_\_\_  
\_\_\_\_\_

f. Other: (a) \_\_\_\_\_  
\_\_\_\_\_ (b) \_\_\_\_\_  
\_\_\_\_\_

11. Nagaba-institutions (garage; taxi meter services; etc.): \_\_\_\_\_  
\_\_\_\_\_

12. Studies conducted, or would like to conduct: \_\_\_\_\_  
\_\_\_\_\_

13. Organization of industry; linkages (Ex: Car parts nagaba.  
(1) Importers ----> (2) wholesalers ----> (3) mechanics  
- Are there separate nagaba(-at) for any of these linkages,  
or ittihad; informal lagammu; or etc?

14. Business climate of sector/subsector: \_\_\_\_\_  
\_\_\_\_\_

15. Finance sources of members:  
a. % Private loans: \_\_\_\_\_  
b. % Supplier loans: \_\_\_\_\_  
b. % Bank loans: (1) Private: \_\_\_\_\_ (2) Public \_\_\_\_\_

16. Reaction to guaranteed loan scheme (AID-backed): \_\_\_\_\_  
\_\_\_\_\_

17. Brochures or other documents by nagaba? (obtain cc.) \_\_\_\_\_

18. Check list of common difficulties; needs:
1. Liquidity: \_\_\_\_\_
  2. Credit (for selves; for clients): \_\_\_\_\_
  3. Marketing (import; export; local): \_\_\_\_\_
  4. Training (of members; of clients): \_\_\_\_\_
  5. Government policies; restrictions: \_\_\_\_\_
  6. Licensing: \_\_\_\_\_
  7. Merchandising, inventory, accounting, display (for  
selves; for clients): \_\_\_\_\_
  8. Other: \_\_\_\_\_

Appendix 8  
COOPERATIVE PROFILES

Name/Address

Phone

Kind of Coop

Year Established

Number of Members

Number of Active Members

Dues

Activities/Courses (separate sheet of paper)

→ see p. 2.

- Include:
1. # involved in course;
  2. cost;
  3. # finished course;
  4. length of course;
  5. Where items are sold or services offered (home; own business; employee in shop; etc.)
  6. Services offered by coop: (1) marketing; (2) group purchase of raw materials; help in getting job; (3) credit; etc.)
  7. <sup>successes!</sup> Problems with these activities
  8. what assistance needed

or after finishing course?

Do members use supplier credit in relation to training programs? <sup>A</sup>  
(If so, details)

Would coop be interested in supplier credit; in guaranteeing members who want supplier credit? <sup>(1)</sup> <sup>(2)</sup> in purchasing commodities for members in bulk, using supplier credit?

Would coop be interested in joint training/feasibility studies with other coops or other organizations on cost-sharing basis?  
If so, what kinds of activities or courses?

COOPERATIVE PROFILES (cont)

Activities/Courses (details):

Course: \_\_\_\_\_

1. # involved in course \_\_\_\_\_
2. Cost \_\_\_\_\_
3. # finished course \_\_\_\_\_ How many courses given \_\_\_\_\_
4. Length of course \_\_\_\_\_
5. Where items are sold or services offered (home; establishing own business; employee in shop; etc.)
  
6. Services offered by coop :
  - 1.. Marketing
  2. Group purchase of raw materials
  3. Help in getting a job
  4. Credit
  5. Other
7. Successes/Problems with this course/activity
  
8. What Assistance needed

## Appendix 9

### MERCHANT PROFILES

Name

Phone

Commodity(-ies)

Number Clients

In Amman\_\_\_\_\_

In Provinces\_\_\_\_\_

Credit ceiling

Different for different customers?

Credit duration

Different for different customers?

Kind of guarantees/conditions they now have (delayed checks, etc.)

Response to credit guarantee scheme - both negative and positive

Number recommended for credit program out of total customers

In Amman\_\_\_\_\_

In Provinces\_\_\_\_\_

Are there <sup>wholesaler</sup> ~~retailer~~ or middlemen involved? (e.g., who serve smaller retail outlets)

Is the price for cash/on time different?

Is it different for different customers/*different quantities?*

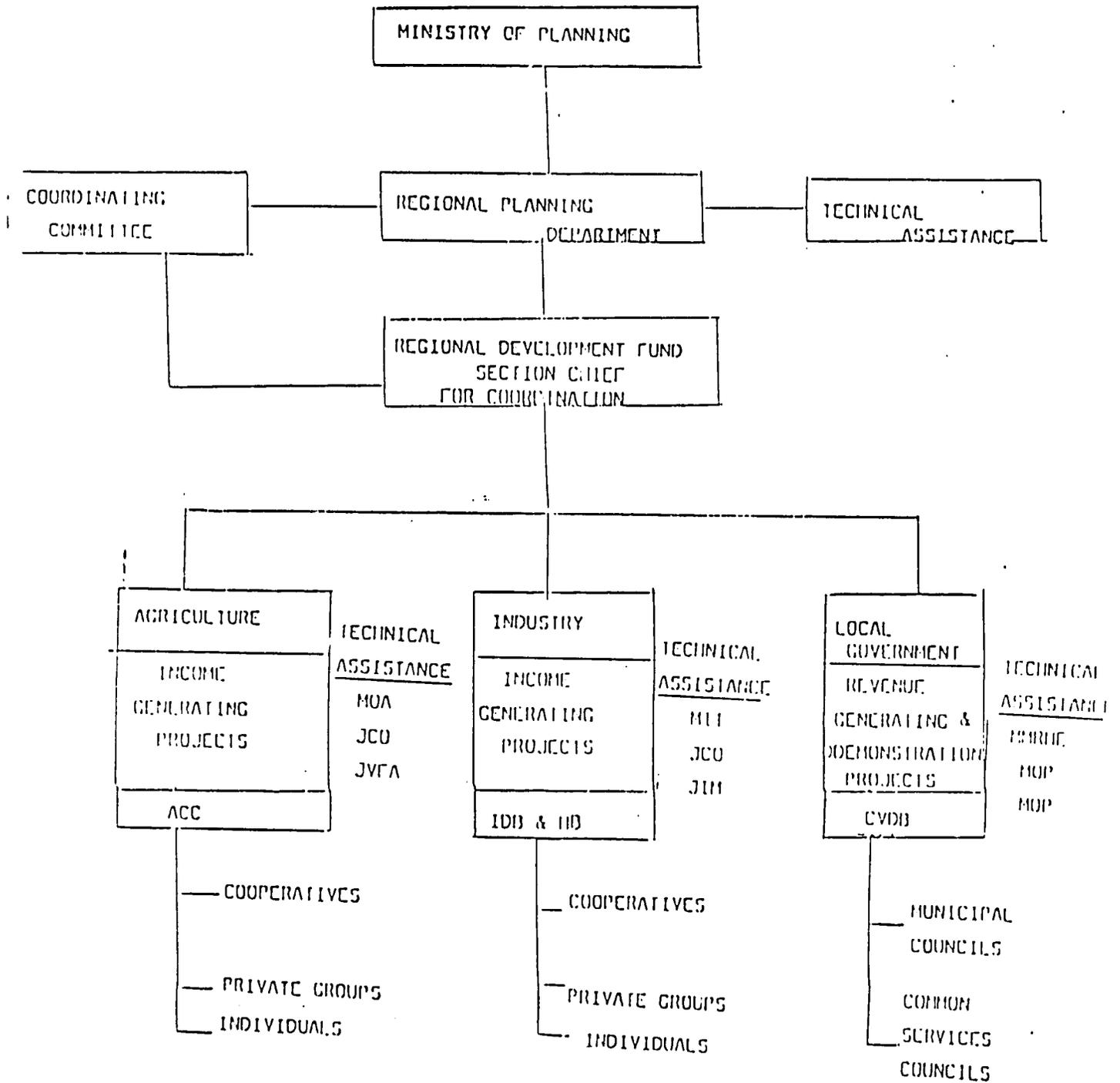
Major difficulties

In own business

Among customers

INSTITUTIONAL FRAMEWORK

A diagram of the institutional framework for the RDF is presented below:



# استعراض فكرة واسس الأقرض والتمويل في صندوق التنمية الإقليمية

## ورد: تقديم مساعدات مالية ومنح وقروض سهلة لبناء المشروعات الإنتاجية الحوراني: هدف الصندوق تشجيع التنمية الإقليمية وتنشيطها



محمد مر ورده  
- M.P. MOURANI -

ومتابعة تنفيذ المشروعات الإنتاجية من الساحة القبية للتأكد من تنفيذها حسب المواصفات المنقذ ضهبا ولبرنامج ازمسي له بالاصافة ان صلبا نحصر أقسام القروض صمد استقطابا وتعبير جهات اشرارية من اشرارية وانضام لكرادره انني ستقوه بتشجيعه كد ان نشاط الصندوق موعه بالدرجة الاوئ للقطاه انحصار في المناطق والاقابم اشموية للندبات وعنه لا يتغرض مع ما يقود به مند تنمية المدر والقرى حيث يشتر انك بتقديم القروض لتمويل مشاريع الندبات والمجلس القروي سواء كانت المشاريع في مجال اسبة الاساسية او للشاريه الانتاجية او المشاريه الاضامية

### شروط الاقرض

واحد السيد ائدير حول موضوع شروط الاقرض قائلا ان شروط الاقرض من صندوق سهلة وميسرة من حيث المدة وسعر الفائدة وقر والصر من شروط ائسول ائضارية او مقرر مؤسبات الاقرض المنصصة الاخرى وهناك ورقة عمل تتعلق بهذه الشروط تقوه لئمة الاشراف من الصندوق مصروف القروض تمويل المشاريه الانتاجية في مجالات الصناعة والزراعة واسبياحة والتجارة والمشاريع العربية وتقوه لئمة الاشراف من صندوق ورقة من نئمة سائتفصيل المشروقات انني يمونه صندوق

### الاطار التنظيمي للصندوق

ولار حول الاصار ائضمي للصندوق بنئنا صمر مند تنمية المس والقرى دائرة حصبة بصندوق التنمية الاقبيية مرتبطة بالمدبر العام تشرف عليها هيئة مكونة من اسيد ودير الشؤون ائسدية والقرويية وابنية رئيس وعصوية اسادة امير هام ودارة ائضمي ووكبير ودارة الماتبية ومدبر هذه ائضمية التعاونية



محمد صلبه الحوراني  
- M.P. MOURANI -

ويك ما تهاون مه مؤسبات ائضارية وانضام لللائمة بالاصافة ان ضامعة تنفيذ وادارة المشاريه الاقبيية وتقييم امساعدة والمشورة من احر تظير الطقات انني تغرض تنفيذها ومساعدة اصمبات ائضارية الانتاجية من تروبيج ونسويذ منتجانها داخليا وخارجيا

### مصادر تمويل الصندوق

ومن مصادر تمويل الصندوق لار ان مصادر تمويل الصندوق هي ما نئضمصا العربية من موازنتها اسبوية من موارد لدعم الصندوق من اريدا اصمبة لا تقرر من مئومهي دينار بالاصافة ان المص والمساعدات المقنعة من وكالات التنمية العربية والاقبيية والعائبة والقروض اسبوية ضوية الاخر من مصادر متعلقة وما نئضمصا صئابق العمل الاقبيية من موارد لاقرض التنمية الاقبيية

### عمل الصندوق

ويوه السيد المدير العام بان جهاز الصندوق يمارس عمله في اطر المشاريه الباردة في خطط التنمية والمقرحة من قبل مجلس التنمية الاقبيية وامسارات انصاصة ودراسة جدواها الاقتصادية والاجتماعية مقتنصق مع الجهات المعنية وتعبير ائعرمة الماتبية المناسبة لتمويل المشروقات الانتاجية التي يئنت جدواها اضامدا من الاسس المقنعة لدى مؤسبات الاقرض المنصصة مع نئصبة منع وشروط ائضمي الذي سيبدمه الصندوق للمشروع والشراخ الصمبات التي تقدم ثامنية لمانني التمويل الذي سيبصمض عليه المشروع من مصادر التمويل الاخرى

كما يقوم الجهاز بتشجيع تروبيج المشاريه المنئحة في مناطق التنمية الاقبيية واستقبال طلبات القروض لها ودراستها وصراف القروض لتمويلها وفق الاسس الموضوعة

مقرر المناطق وارساء ظاهرة اهمرة من الارباب والقرى لمسار متروحات ائضمي الاقبيية تقصر القوازي بير الاقبيية ائضموية من حلال تروبيج لفترة الاقبيية ائضموية من كسب اسبون للمواضيع الفصير ميبها واهادة تروبيج مقرر المصم صمر وحدانته ائضموية وبيها ونصميه مراكز ائصر مصورة ضوارية بير الاقبيية مكار ائشاء صندوق تنمية الاقبيية من الادوات التي ائضرفت في ائضطة لمعانة مقرر هذه القوازم

### اهداف الصندوق

واصبح اسيد ائدير ان مشاطات الصندوق تروبه شئكر حصص لمشروقات ائضام في مختلف المناطق ائضموية مامسكك وانقز من ان لا تئشاء مؤسبة اقرض صبيدة لهذا الصندوق وانما مر لئاة تمويلية مرتبطة ساهدي المؤسبات الاقراصية للئمة وتم ارتساض الصندوق في مند تنمية المس والقرى واصلاف ان اهداف الصندوق تتركز حول تشجيع التنمية الاقبيية وتشجيعها صمر مموه التنمية الشاملة في الملكة وتشجيع مشاركة ائصمود الدائبة ائضروية وراس المار المصفي في ائمعنية ائضموية وتحتفيق الائضشار وائضوار ائصمراي للمشروقات ائضموية بير الاقبيية والمناطق واتوحدات ائضموية وتقييم التمويل والدمه بيده المذرهات وريادة مقرر ائصر والئمة في ائحد من ظاهرة اهمرة من الارباب للئدر وتشجيع اهمرة المعاكسة في مناطق ائضمية ومعانة الائضلال في تروبيج اسكار

### الاجراءات والاساليب

ورد اسيد ائصراني عن سؤالي حول الاجراءات والاساليب التي يتخذها الصندوق لتنفيذ هذه الاهداف فقال يقوه الصندوق ساجراء المراسات والنسوحات اللارة لمناطق التنمية الاقبيية وخطتها صمر الاولويات بقصد ائصرف من المشاريه المصبة والمعلقة لاهداف ائضمي في تلك المناطق وتعبير هذه المشاريه والصر من تروبيج التمويل اللارم سواء من مصادر الصندوق او مقتنصق مع مؤسبات الاقرض المنصصة او من مصادر التمويل المطنبة والمزاجية وأشار ان ان الصندوق ينظم انبرام ائضروية لئاقيل الكواذر المشاريه في الاقبيية وخاصة ما يلزم للمشاريع التي يئشاهها الصندوق

يحمل - مشرا - التحاليلات لصحفية - كتب حصص طليل توك ائصبات ائضمي المعصرة ان شاء الاقصاد الاشر انصبة مقرر مذار ائضمية المنطقة ما مشاره هها واهد بيروي في اطر روية اسنرايئصية حصمة نئمة ايوام بالئصحات للمعبه والروحية لمصنم ذاتية

والصمامل الائضارية ائصر ائصمصر المؤثرة في ظاهرة اهمرة لداخية وائضروية حصا وطردا وسوه تروبيج الائضشار عن ائصاه لوبض يئخلق تقاروة كئبرا بير مئسوي نئخر القرد في اربيف وائصمروبيوذي ان تروبيج ائضطانات الصناعات واسبياحة الصمامل في المس ولي الارباب الاصار مقرر التنمية واه اسبا والمصمامل الاكئضاصية والاضامية حلقن ائركنبا ائصموا لكن لتروبه مقرر رسم هذه الصمامل من حلال مشروقات حدة ائضمي اصمبة ١٩٨٦ - ١٩٩٠ وتروبيج مئسب ائضمي مئشرا هان بير الاقبيية ائضموية في الملكة وكان المواض وائضوار شريكي في وضع مشروقات ائضمي في المناطق مةة نئضيق ائصاه والتنمية مموهها ائشامل الكئمل

وصندوق التنمية الاقبيية من لئد للمشروقات الاقبيية التي ائورت للحكومة جز ائصماملها لتنمية ولانقاء ائصوه من هذا اسيد ائصر ائصموا وكلاة الاصاه الاقبيية اسيد مقرر صلبه الحوراني مدير عام مند تنمية المس والقرى وصمبه مقرر ورده وكبير وزارة التنمية الاقبيية مقرر نئمة بالاشراف من الصندوق وانجرت مصمب المقرر الثاني حول مكرة الصندوق واهاده واسس وقوازم الاقرض والتمويل مع الاطار ائضمي له بالاصافة ان ائصوام الاقبيية لئعمل الصندوق فكان اللقاء الاوئ مع اسيد محمد صلبه الحوراني مدير عام مند تنمية المس والقرى

### لمكرة الصندوق

اسيد الحوراني لار ان مكرة الصندوق حاتم نئجة لتروبيج ائضطة ائضمي للتنمية الاقبيية والاضامية ١٩٨٦ - ١٩٩٠ عن ائضمي الاقبيية وظهر عدد من المشروقات الاقبيية في مناطق الاقبيية ائضموية في ائضلال وائصمامل استئنارية ميبها بالاصافة ان ان اهداف ائضطه ائصر ائضلال في تروبيج اسكار بير القرد والمدر وهناك تروبيج فماليات اقتصادية في مناطق دين مناطق ونعرات في ائسبة الاساسية والمشاريع ائضموية ا

ومدير عام بنك الإنماء الصناعي  
ومدير عام بنك الإسكان وثالث  
محافظة البنك المركزي الأردني وكذلك  
وزارة التنمية الاجتماعية ومدير عام  
مؤسسة الأقراس الزراعي ومدير  
عام جمعية البنوك

تناط بهذه الهيئة مهمة في  
السياسة العامة للصندوق ووضع  
الخطى لتحقيق أهدافه وتحديد  
أولويات المشاريع الانتاجية، إقرار  
سياسات الأقراس الخاصة  
بالتصديق والموافقة على الأقراس  
وأصدار التوصيات اللازمة لتنفيذ  
سياسات ضرورية لتحقيق التنمية  
الاقتصادية بالإضافة الى مهمات أخرى  
تتعلق بعمل وتعليماته الداخلية  
وأشار الى انه يشرف على  
الصندوق هيئة مديرين تضم السادة  
مدير بنك تنمية المدن والغرى ومدير  
عام مؤسسة الأقراس الزراعي  
ومدير عام بنك الإنماء الصناعي  
ومدير عام بنك الإسكان ومدير عام  
المنظمة التعاونية وامير عام وزارة  
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