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Missed Opportunities: How the IMF, World Bank and NGOs failed to support female
entrepreneurs in Jordan

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Abstract

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In 1989, the Jordanian government implemented an International Monetary Fund (IMF) sponsored economic adjustment and austerity plan, and accepted a loan package from the World Bank in response to a growing debt crisis. In exchange for the loans, the government agreed to implement extensive fiscal and structural reforms; it cut food subsidies, reduced tariffs, privatized state-run businesses, and implemented tax reform. At the same time, in response to growing citizen unrest, the Kingdom increased political freedoms creating a path for increased NGO activity. This led to a large number of Jordanian NGOs offering business incubation, technical skills training, microfinance services, and mentorship to prospective female entrepreneurs. Through an examination of IMF and World Bank loan evaluation documents and an analysis of the websites, news articles, staff surveys and third-party observations of nine NGOs supporting female entrepreneurship initiatives, this thesis argues that the IMF, the World Bank, and Jordanian NGOs failed to support macroeconomic policies that favored women entrepreneurs in Jordan. As a country with few resources, a well educated population, high female unemployment rates, and low economic growth, Jordan could greatly benefit from supporting innovative female businesses; however, the IMF and World Bank did not consider women in their economic policy recommendations, while NGOs failed to provide adequate training services to educate their clients on the country's macroeconomic environment.

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Preface

While on a trip to Jordan in the fall of 2016 I met Rula Swaiss, a Jordanian woman who started her own business at age 25, helping women from the Middle East study abroad in the United Kingdom. When talking with her about her experiences starting a business, I expected her to point to an inability to get financing, hardships finding mentors, and a lack of technical training as significant obstacles. But, while she mentioned all of these, she said the hardest part was actually registering the business with the government in Jordan to obtain a permit and get office space. Swaiss explained that she registered the business in the United Kingdom and worked out of her home in Amman for 4 years before being able to legally register in Jordan. Such obstacles affect every potential Jordanian entrepreneur and, in so doing, limit the successful economic development of the whole country. Amman had organizations that support female entrepreneurs; could any of these organizations have helped Rula get her business permit faster? Were any of the multiple International aid organizations working in Jordan talking about this?

What is striking about researching economic development in Jordan is the constantly competing storylines. Just after King Abdullah came to power in 2000, he went to the World Economic Forum in Davos and pledged to make economic reform in Jordan his priority. In his speech he stated, “We have to take the initiative to make free markets the only norm of resource allocation,” while going on to declare, “Jordan’s integration into the global economy follows a process of gradual and sustained reform based on self-help measures that were adopted for our own interests and not simply because they were called for by International Financial

Institutions¹.” King Abdullah’s stated support for free markets and economic liberalization was not surprising, considering the venue and the goals of his speech, but his reference to the work of International Financial Institutions in his country was a display of Jordan’s complex path in the pursuit of economic growth.

The International Monetary Fund (IMF) and World Bank often advance Jordan as a model of reform – a country willing to quickly and effectively adopt trade liberalization and privatization strategies. So, it was notable that the new King of Jordan went to Davos to declare his support for the policies of structural adjustment at the same time as he asserted his independence from the institutions developing these policies. The IMF and World Bank constantly allude to the strong business environment created through the implementation of structural adjustment policies, while unemployment in Jordan remains one of the highest in the Middle East region, and the country continues to rank close to the bottom in the World Bank’s *Ease of Doing Business* survey². Likewise, there are countless organizations in Jordan that support the work of female entrepreneurs, but Jordan’s levels of female entrepreneurship remains one of the lowest in the Middle East. These same organizations survey female entrepreneurs who state that one of their main obstacles to opening and growing their businesses is the macroeconomic environment in the country, while the International Financial Institutions and the King publicize the strength of Jordan’s business environment and the economic opportunities stemming from free trade and a market oriented economy.

This thesis examines the intersection of three phenomena of the economic development of the Hashemite Kingdom of Jordan following the country’s debt crisis in 1989: (1) The

¹ King Abdullah II. (2000, January 30). *Making a Difference: A View from the Developing World*. Speech presented at World Economic Forum in Switzerland, Davos. Retrieved from <https://kingabdullah.jo/en/speeches/world-economic-forum-making-difference-view-developing-world>

² In the World Bank’s 2018 “Ease of Doing Business” survey Jordan ranked 103rd out of 190 countries overall.

structural adjustment policies implemented by the Jordanian government in cooperation with the IMF and the World Bank; (2) the emergence of Jordanian civil society; and (3) the acknowledgement of the role of women in contributing to economic development.

My research rests on the premise that entrepreneurship creates opportunities for female employment and female employment creates economic growth. This economic growth and the benefits it brings are the ultimate goal of both the economic development policy experts at the International Financial Institutions as well as the boards, employees and volunteers at Jordan's non-profit business accelerators, training institutes and microfinance institutions supporting female entrepreneurs³.

I come to this thesis with a background in Business Administration and Arabic language. While my business background has included lessons in economic theory, it has focused on finance, the practical application of economics. I have spent time at Emory actively using my knowledge of finance and accounting principals to help entrepreneurs start their businesses. My Arabic language experience has centered on mastering Arabic grammar, reading Arab history, analyzing the work of Arab authors and poets, and writing about current events. This practical background of my studies has informed my approach and my research for this thesis.

Overview

This thesis is separated into four sections. Section I, the introduction, includes the thesis questions and hypotheses, definitions of important terms, a review of the background literature,

³ For evidence of how entrepreneurship contributes to economic growth see Naude, W. (2011, March 23). "Entrepreneurs and economic development". Retrieved from <https://unu.edu/publications/articles/are-entrepreneurial-societies-also-happier.html>. For evidence of how increasing female employment contributed to economic growth see "Womenomics." *Economist* [London, England] 15 Apr. 2006: 1. *The Economist Historical Archive, 1843-2014*. Web. 10 Mar. 2018. And for evidence of how entrepreneurship leads to job creation see Fetsch, E., Jackson, C., & Wiens, J. (2015, July 20). Women Entrepreneurs are Key to Accelerating Growth. Retrieved, from <https://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/women-entrepreneurs-are-key-to-accelerating-growth>

and an overview of the economic history of Jordan. Section II includes an overview of structural adjustment, the debates surrounding the implementation of structural adjustment policies, and an analysis of structural adjustment in Jordan. Section III includes an overview of the emergence of Jordan's civil society, focusing on the emergence of NGOs supporting female entrepreneurship; background on female entrepreneurship in Jordan; the evidence linking entrepreneurship initiatives to economic development; and an analysis of Jordanian NGO's working on female entrepreneurship initiatives. Section IV includes a comparison of the external and internal narratives describing female entrepreneurship and economic growth in the Kingdom. The thesis concludes with an examination of the implications of the intersection of these topics on future economic decisions in Jordan.

Section I: Introduction

In 1988, the Hashemite Kingdom of Jordan had a national debt twice its GDP. The Jordanian economy had relied on Arab foreign aid and remittances from Jordanians working in the Gulf region to maintain economic growth. As oil prices declined, remittances declined, foreign aid was cut, and regional trade and transit was suppressed due to lack of demand; this led to the collapse of Jordan's third largest bank, the devaluation of the Jordanian dinar, the depletion of the vast majority of Jordan's foreign reserves and default on its foreign debt⁴. In 1989, the Jordanian government implemented an International Monetary Fund (IMF) sponsored economic adjustment and austerity plan. Jordan's debt was rescheduled; the IMF provided

⁴ Tsidi Tsikata, Steve Kayizzi-Mugerwa, and Daouda Sembene, "Evaluation Report IMF Support to Jordan, 1989–2004," International Monetary Fund Independent Evaluation Office, December 6, 2005, p. 76, available at <<http://www.imf.org/External/NP/ieo/2005/jor/eng/pdf/report.pdf>>.

Jordan with an allocation of SDR⁵ 60 million; and the World Bank gave Jordan an additional \$160 million in loans. Under the terms of the loan, economic adjustment and stabilization meant energy and price deregulation, the privatization of state owned assets, tax reform, tariff reduction, and austerity measures, including the reduction in subsidies for basic goods. This was the first of three Stand By Arrangements (SBAs) and three Extended Fund Facility (EFF) Arrangements Jordan made with the IMF, which facilitated six debt-rescheduling agreements with the Paris Club - a group of officials from major creditor countries who negotiate debt treatments usually by rescheduling the payments debtor countries owe – between 1989 and 2004. The IMF and World Bank policies were intended to liberalize Jordan's economy, bolster trade and development, and create a business friendly environment in the Kingdom.

Upon implementation of the structural adjustment plans, prices immediately rose for goods such as fuel, soft beverages and cigarettes, while riots erupted and spread across the country. King Hussein responded to the civil unrest by increasing political freedoms, which opened a path to a stronger civil society within the country. The number of non-governmental organizations (NGOs) in Jordan doubled between 1989 and 2005⁶. Likewise, to address the problems associated with poverty and unemployment, the World Bank, in partnership with the Jordanian government, developed a Social Productivity Plan (SPP), which focused on improving infrastructure, providing employment training, and promoting micro and small enterprise development.

⁵ SDR stands for Special Drawing Rights; it is an international reserve asset, created by the IMF in to supplement its member countries' official reserves. Holders of SDRs can voluntarily exchange SDRs for freely usable currency or the IMF can designate members with strong external positions to purchase SDRs from members with weak external positions. From "Special Drawing Right (SDR)". (2017, October 13). Retrieved from <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>

⁶ Al-Kuwasim, F., & Al-Bdarin, R. (2013). Role of Women in Leading Change: Applied Study on Working Women Organizations in Jordan. *Al-Balqa Journal*, 16(1), 17-57. Retrieved from <http://albalqajournal.ammanu.edu.jo/EN/Article.aspx?id=52>

First, the World Bank and IMF hold up Jordan as a poster child for successful implementation of economic adjustment policies; however, reaction inside the country – especially within Jordan’s quickly expanding civil society – was not as favorable. Economic adjustment succeeded in stabilizing the Jordanian dinar and building up Jordan’s foreign exchange reserves, but the Jordanian people continue to struggle with high poverty and unemployment. In regards to the SPP, even the World Bank conceded, “the infrastructure program was completed but the impacts on human capital development in Jordan were limited.”⁷ Researchers have yet to understand the International Financial Institutions’ (i.e., the IMF and the World Bank; also known as the Bretton Woods Institutions) and Jordanian civil society’s often divergent views on the outcomes and impact of structural adjustment policies. Second, female economic participation is considered essential to successful economic growth and development; in his paper on “Female labor force participation and economic adjustment in the MENA region,” Massoud Karshenas, an economics professor at SOAS University of London, argues that women’s labor force participation is essential to the success of structural adjustment policies⁸. The link between female entrepreneurship initiatives and increased female employment makes it crucial to understand the impacts of Jordan’s structural adjustment programs on the environment for female employment in the Kingdom.⁹

⁷ Seijaparova, D., & Holst Pellekaan, J. W. (2004). Jordan: An Evaluation of World Bank Assistance for Poverty Reduction, Health and Education A Country Assistance Evaluation. *The World Bank Operations Evaluations Department*.

⁸ Karshenas, M. (1997). *Economic liberalization, competitiveness and women’s employment in the Middle East & North Africa*. Cairo: Economic Research Forum for the Arab Countries, Iran & Turkey.

⁹ Mehtap S., Caputo A. & Pellegrini M.M. (2016), “Encouraging Female Entrepreneurship in Jordan: Environmental Factors, Obstacles and Challenges”, in Ramadani V., Dana L.P., Gerguri-Rashiti S. & Ratten V., *Entrepreneurship and Management in an Islamic Context*. Springer.

Questions

Understanding both the International Financial Institutions' and Jordanian civil society's divergent views and evaluating the impacts of structural adjustment on female employment in the Kingdom require examining several questions:

1. Why did International Financial Institutions claim success in restructuring the macroeconomic environment in Jordan, creating long-term economic growth, and addressing weaknesses in Jordan's private sector in the early 2000's, while Jordanian female entrepreneurs surveyed in 2006 indicated that the main environmental factors that worried them were the weakness of the Jordanian economy, lack of financing, and gender inequality¹⁰?
2. Where do the narratives of economic policy outlined by the Bretton Woods Institutions intersect and differ from the narratives of economic policy outlined by Jordanian NGOs providing vocational training and loans to Jordanian women?
3. Fourteen years after the official ending of Jordan's loan program with the IMF, is there conclusive evidence of the positive or negative effects of structural adjustment policies on female entrepreneurship in the Kingdom?
4. What can be learned from the structural adjustment policies of the 1980's and 1990's to support economic growth in Jordan today?
5. Can Jordanian NGOs refine the services they offer to female entrepreneurs to better react to the external policy environment in which they operate?

¹⁰ Kharouf, Amal, Abeer Dababneh, and Rana Khaleel Akhal. *Women Business Owners in Jordan: Characteristics, Contributions and Challenges*. Report. June 2007. Center for Women's Studies, University of Jordan. The Center of Arab Women for training and Research and The International Finance Corporation.

This thesis seeks to identify the impact of Jordan's structural adjustment programs on one social group, female entrepreneurs, from the perspective of international lending organizations and Jordanian civil society, represented by community based NGOs providing employment resources for women.

Female Entrepreneurship is a major driver of economic growth¹¹ and is among the fastest growing segments in the small business sector worldwide. It has been extensively studied through micro-lending programs and business incubators throughout the developing world.¹² While, there have been studies on the competing roles of NGOs and international development organizations in African and Latin American Countries¹³, on the effects of female entrepreneurship on economic growth¹⁴, and on the effects of structural adjustment policies on women¹⁵, the narratives of the effects of structural adjustment on the environment for female entrepreneurship in Jordan has not been examined. I seek to explore these narratives through a close reading of the online content published by and about Jordanian business accelerators, microfinance institutions, and vocational training programs. I will then compare the information, tone and key ideas of these reports, journal articles, and webpages to the IMF and World Bank

¹¹ "Womonomics.", *The Economist*

¹² Brau, J. C., & Woller, G. M. (2004). Microfinance: A comprehensive review of the existing literature. *The Journal of Entrepreneurial Finance & Business Ventures*, 9(1), 1-27. Retrieved from <https://login.proxy.library.emory.edu/login?url=https://search-proquest-com.proxy.library.emory.edu/docview/1030135061?accountid=10747>

¹³ Ian Gary. (1996). Confrontation, Co-operation or Co-Optation: NGOs and the Ghanaian State during Structural Adjustment. *Review of African Political Economy*, 23(68), 149-168. Retrieved from <http://www.jstor.org.proxy.library.emory.edu/stable/4006246>

¹⁴ Warnecke, T. (2013). Entrepreneurship and gender: An institutional perspective. *Journal of Economic Issues*, 47(2), 455-463. Retrieved from <https://login.proxy.library.emory.edu/login?url=https://search-proquest-com.proxy.library.emory.edu/docview/1357567116?accountid=10747>: This paper begins by acknowledging that "institutional economics has long shown that entrepreneurship plays a critical role in the pursuit of economic development and well-being"

¹⁵ Harrigan, J and El Said (2014), "Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983–2004". *Middle East Journal* 68(1): 99-121.

reviews of Jordan's structural adjustment programs, pinpointing areas of convergence and divergence between these groups.

Jordan returned to the IMF in 2012, receiving a \$2 billion stabilization loan described as a response to Jordan's renewed economic troubles, which included high oil prices, unsustainable rent seeking economic activity, and high levels of corruption. The IMF suggested that an effective inclusive growth strategy should be centered on creating jobs, reducing inequality, and providing equal opportunities.¹⁶ As Jordan continues to interact with the Bretton Woods Institutions with the stated goals of (1) providing equal opportunity for women¹⁷ and (2) creating jobs, understanding the competing narratives about the effects of Jordan's structural adjustment policies on female entrepreneurship – which sits at the intersection of gender equality and employment opportunity – will prove valuable to understanding future policy decisions.

Economists and policy makers at the World Bank and IMF acknowledge that structural adjustment does not happen in a vacuum and it is important to consider the political and social circumstances surrounding the implementation of these policies. Without an understanding of the individuals and organizations affected by structural adjustment and the role of economic policy in individuals' lives, it is harder to meet the goals of development policy. In Jordan, the World Bank and IMF could point to concrete macroeconomic successes stemming from the first phase of structural adjustment: currency stabilization and debt reduction. However, while the World Bank and International Monetary Fund claim success in the second phase of structural adjustment, the implementation of policies to create long-term economic growth, competing

¹⁶ Mossallam, Mohammed. (2015). The IMF in the Arab world: Lessons unlearned. SSRN Electronic Journal. . 10.2139/ssrn.2705927.

¹⁷ Kate Bedford argues that the World Bank already funds projects that support female empowerment, which establishes the relevance of gender to International Financial Institutions. Bedford, K. (2009). *Developing partnerships: gender, sexuality, and the reformed World Bank*. Minneapolis: University of Minnesota Press.

narratives exist. Many entrepreneurs never had the opportunity to tap into an improved import/export business in Jordan. Many individual people never found employment and only understood the new economic policies through the hardships they endured from reduced subsidies. This paper seeks to understand these individual experiences on an aggregate level through the organizations that offer them assistance to compare them to the large-scale economic policies that the International Finance Institutions implemented.

Hypotheses

Hypothesis 1: The International Monetary Fund and World Bank programs during Jordan's structural adjustment did not address the role of female entrepreneurship in creating long-term economic growth.

Hypothesis 2: The non-governmental organizations in Jordan providing financing, technical assistance, business incubation, and mentoring to female entrepreneurs failed to address the practicalities of the macroeconomic environment in which female entrepreneurs operate.

Definitions

This thesis takes a deep dive into the economic policy decisions of the World Bank and the International Monetary Fund (IMF), referred to collectively as International Financial Institutions. The paper examines the goal of economic development in regards to the large-scale policy projects of the World Bank and the IMF, as well as the small-scale work of organizations supporting and promoting female entrepreneurship.

Bretton Woods Institutions (International Financial Institutions (IFI): The World Bank and the International Monetary Fund (IMF) were set up at a meeting of 43 countries in Bretton Woods, NH, with the aim of rebuilding shattered post-World War II economies and promoting international economic cooperation. Today, these institutions lend to developing and emerging economies, promote economic growth and stable exchange rates, and develop economic policy.

The World Bank: The World Bank is a closely associated group of five development institutions: the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Center for Settlement Investment (ICSID). Jordan has received IBRD loans, which are intended to provide financial and other assistance to middle income countries. Today, there are 189 members of the World Bank. Dues contributions from members determine their voting power at the bank. Accordingly, the Bank's five largest shareholders, the United States, at 17%, Japan, at 6-8%, Germany, at 4-6%, France, at 4-6%, and the United Kingdom, at 4-6%, appoint the Bank's Board of Governors.¹⁸ The World Bank is headquartered in Washington D.C and employs roughly 10,000 people.¹⁹

The International Monetary Fund (IMF): The International Monetary Fund is an association of 189 countries. The IMF's primary purpose is to ensure the stability of the international monetary system. The Fund's mandate also includes all macroeconomic and financial sector issues that bear on global stability. The Fund is headquartered in Washington D.C and has a staff of roughly 2,700²⁰.

¹⁸ See World Bank Basics: <http://www.bankinformationcenter.org/wp-content/uploads/2013/01/1.+Worl+Bank+Group+Basics-+Tools+for+Activists-+World+Bank.pdf>

¹⁹ Moyo, D. (2009). *Dead Aid : Why aid is not working and how there is another way for Africa*. London; New York: Allen Lane. (p. 54)

²⁰ See About the IMF: <http://www.imf.org/en/About>

Austerity Measures: This is a political-economic term referring to policies that aim to reduce government budget deficits through spending cuts, tax increases or a combination of both. This paper speaks about austerity measures implemented as part of structural adjustment policies in the 1990's.

Civil Society: The “aggregate of non-governmental organizations and institutions that manifest interests and will of citizens.” These include political and non-political non-for profit organizations. The idea of a civil society emerged during the time of Aristotle, but the modern definition emerged in the twentieth century. In this definition non-political organizations in civil society build social capital, trust, and shared values.

Entrepreneur²¹: While there is no one standard definition of what an entrepreneur is, this paper refers to an entrepreneur as “a person who organizes and operates a business or businesses, assuming all of the risks and rewards of doing so.”

Background

Part 1: History of Jordan

The Emirate of Transjordan was established in 1921 by the British, who recognized Emir Abdullah as the ruler of three districts of the former Ottoman Empire east of the Jordan River. Prior to World War I there was little chance of the emergence of a state east of the Jordan River; there was no population center, little arable land, low life expectancy and no economic surplus. In his book, *The Modern History of Jordan*, Kamal Salibi²² describes the Hashemite Kingdom of

²¹ Harvard Business Review, Thomas R. Eisenman “Entrepreneurship: A Working Definition”, January 10, 2013. The definition of entrepreneurship used at Harvard Business School is “the pursuit of opportunity beyond resources controlled”. Meaning entrepreneurs need to have a sense of urgency, offer a novel product and must have constrained financial resources. This requires entrepreneurs to face high levels of risk.

²² Salibi, K. (1993). *The modern history of Jordan*. London; New York: I.B. Tauris. Salibi was a Lebanese historian and professor at the American University in Beirut. His histories of Lebanon and Jordan are considered classic texts.

Jordan as a dusty, under populated, underdeveloped territory.²³ Jordan's limited natural resources, limited arable land, and limited supply of water have defined the economic, social, and political development of the country ever since. It is one of the main factors International Financial Institutions cite in the obstacles Jordan faces to achieving economic growth.²⁴

During the period between World War I and World War II, state building in Jordan was undertaken by a small group of British administrators on the ground in conjunction with a group of Transjordanian tribal elite elected to the legislative council. The British provided Transjordan with a subsidy, which paid for institution building and industrialization, while retaining control over foreign affairs and some state finances. This subsidy exemplified the strategic rent transfers that Jordan has relied on throughout its modern existence, first from the British, then from the Arabian Gulf countries, and now from the United States and the European Union.²⁵

The Hashemite Kingdom of Jordan was formally declared independent in May 1946, when Abdullah I bin al-Hussein was crowned king. Although Jordan was officially independent, it continued to rely on Britain for its annual subsidy. British officers continued to command the Jordanian army and position troops within the country.

The subsequent Arab-Israeli War of 1948 brought an influx of close to 500,000 Palestinian refugees into Jordan, as well as control over the West Bank of the Jordan River, including East Jerusalem. The aggregate Palestinian component of the population brought with it funds in excess of the total GDP of Transjordan.²⁶ The eastern part of Transjordan contained 94 percent of the territory, but only one third of the population of 1.5 million. The well-educated

²³ *Ibid*, p.13. Salibi opens his book by describing Abdullah's strategic move from Mecca to Ma'an to bring together the Bedouin territories east of the Jordan River and establish a state.

²⁴ See "Jordan Overview- World Bank Group" <http://www.worldbank.org/en/country/jordan/overview>

²⁵ Robins, Philip. *A History of Jordan*. London: Cambridge University Press, 2004. (p. 29)

²⁶ *Ibid*, p.74 "[In the eastern part of the kingdom] the productive sectors of the economy were chronically underdeveloped, with agricultural output subject to fluctuations and manufacturing output virtually nonexistent. In the new western part of the kingdom, economic and educational achievement were altogether much more impressive"

Palestinian elite soon dominated the private sector of the newly formed Hashemite Kingdom of Jordan, while Transjordanians dominated the government, army and police. These separate spheres of influence have lasted to modern times. The newly established refugee camps were made up mostly of displaced Palestinian villagers, who tended to be disproportionately unskilled, illiterate and poor, unlike the wealthy Palestinian business owners.

On July 20, 1951, at the age of 69, King Abdullah was assassinated, leading to a struggle for power that concluded with his favorite grandson, Hussein, assuming the throne in 1953. King Hussein ruled Jordan for the next 46 years until his death in 1999. He began his reign by making a bid for increased levels of aid from the United States to make up for a decreasing subsidy from the British. With the Eisenhower Doctrine allowing the president to assist any state threatened by communist aggression through the use of both financial and military means, the United States and Jordan formed an unequal, but lasting partnership.²⁷ Economic and military aid to Jordan, from 1951-2016 totaled \$19.2 billion.²⁸

With investment in infrastructure, public services, transport, and communications, Amman became the population center of a modernizing country. By 1965 the east bank had been transformed from having virtually no industrial base in 1948 to being the source of three quarters of the country's industrial output. Economic growth in Jordan averaged 9 percent annually in the 1950's and 8 percent in the 1960's. The best performing sectors were the financial and business sector, mining and manufacturing, electricity and water, and construction.²⁹ The agricultural sector, which provided employment for more than one third of the labor force, was subject to

²⁷ See Hahn, P. (2006). Securing the Middle East: The Eisenhower Doctrine of 1957. *Presidential Studies Quarterly*, 36(1), 38-47. Retrieved from <http://www.jstor.org/stable/27552745> for an analysis of the motivations for and effects of the Eisenhower Doctrine in the Middle East.

²⁸ Sharp, J. M. (2015). *Jordan: background and U.S. relations*. Washington, D.C. Congressional Research Service.

²⁹ Mazur, M. (1979). *Economic growth and development in Jordan* (Westview special studies on the Middle East). Boulder, Colo.: Westview Press. p. 24.

unreliable weather conditions and frequent water shortages that led to growth fluctuating according to yearly rainfall.

After the 1967 war, Jordan ceded control over the West Bank and East Jerusalem. This part of the country had contributed 40 percent of the country's GDP, half its industrial capacity, and 25 percent of its agricultural base.³⁰ Jordan also faced a second wave of 300,000 Palestinian refugees entering the country, as well as the rising power of the PLO within Jordanian politics, demonstrated by the 1970 uprising and expulsion of armed PLO units.³¹

Immediately following the war Jordan benefitted from increased Arab aid, which brought official assistance to 40 million Jordanian Dinar (JD) in 1968, compared to an annual average of JD 13.5 million between 1964-66. With the oil boom of the early 1970's, foreign aid to Jordan averaged JD 126 million per year between 1974-78. This increased to JD 382 million between 1980-83.³² During the boom years, remittances sent home from abroad, mostly from the Gulf countries, comprised a large part of Jordan's GDP; the sums of capital flows transmitted officially through the banking system quadrupled from 1976 to 1984.³³ Jordan used its foreign investment to bolster physical and human infrastructure and to invest in expensive resource

³⁰ Robins, *A History of Jordan*. p.125

³¹ The events of the Jordanian civil war and the eventual expulsion of armed units of the PLO from Hashemite controlled Jordan occurred in September of 1970, known to Palestinians as Black September. Throughout the summer of 1970, rising tensions defined the relations between the PLO and Jordan. Palestinian militias, known as *Fedayeen*, used targeted attacks on symbols of the state and its allies, including an attack on King Hussein's convoy, to signal their displeasure with the policies of King Hussein and his government. King Hussein responded by raising armies to reinforce his troops in the capital. On September 15, 1970, Palestinian guerillas took over the northern city of Irbid, declaring it liberated and installing a people's government. King Hussein responded by declaring military rule. The Bedouin dominated Jordanian army attacked Palestinian refugee camps and 11 days of fighting ensued with Jordanian army, backed by the US, gaining the upper hand. On the September 27, Egyptian President Gamal Abdel Nasser arranged a cease-fire between Jordan and the PLO.

³² Central Bank of Jordan, Department of Research and Studies, *Yearly Statistical Series (1964-1995)*, Special Issue, May 1996 (p. 21 & 48)

³³ See <http://www.jordantimes.com/opinion/yusuf-mansur/golden-70s>

based projects in collaboration with the private sector. This period of economic growth strengthened the Jordanian state and its monarchy by extension.³⁴

With the end of the oil boom in the early 1980's, a curtailment of economic activity in the Gulf took place, leading to budgetary cutbacks and reduced demand for Jordanian exports and Jordanian labor. These developments led to a large reduction in workers' remittances sent home to Jordan, as well as a reduction in Arab aid, which in turn led to a deepening recession and mounting foreign debt. The budgetary deficit increased as foreign exchange reserves dropped and access to external borrowing ceased due to the diminished creditworthiness of the Kingdom and its shrinking flows of aid. With diminished Arab aid, the Kingdom had resorted to borrowing at commercial rates to sustain the expense of an inflated civil administration, which quickly became an unsustainable way for the Jordanian government to raise capital.

Jordan's economic crisis came in 1988 when the Kingdom was unable to meet its foreign debt-servicing obligation. The Jordanian Dinar was subsequently devalued as the government attempted to reduce imports and increase the value of exports. This led to high inflation. In 1989, King Hussein turned to the International Monetary Fund (IMF) and the World Bank as Jordan's fiscal situation became unsustainable. The structural adjustment program implemented by the IMF called for an austerity program that involved deep cuts in public expenditures, as well as the removal of food and fuel subsidies. The austerity measures resulted in rioting in the southern city of Ma'an, an area where King Hussein was traditionally popular. The king enacted liberal government reforms to try and counteract rising popular anger stemming from economic austerity. These reforms included legalizing Jordanian political parties, holding general elections, which hadn't been done since 1974, and allowing the emergence of Jordan's civil society.

³⁴ Robins, *A History of Jordan*. p.140-146

The IMF stabilization measures succeeded in stabilizing the Dinar and creating short-term economic growth, but Jordan's economic hardships continued throughout the 1990's. In conjunction with their World Bank and IMF advisors, the government continued implementing macro-economic reforms, including freezing wages in the public sector, gradually introducing a sales tax, privatizing state run enterprises, and implementing cash payments as opposed to subsidies on staple products. Upon Iraq's invasion of Kuwait, Jordan's agreements with the IMF and the World Bank were halted due to the King's unpopular decision, among Western Countries and, especially, the United States, to support Saddam Hussein. Likewise, Kuwait and Saudi Arabia expelled a large number of Jordanians, leaving Jordan with fewer remittance payments, close to 300,000 returning workers without employment, and the loss of an export market in the Gulf.³⁵ Once the Gulf War ended, Jordan quickly returned to the World Bank and IMF to continue its lending agreements and again rescheduled its foreign debts. Grants in aid from the United States and, to a lesser extent, from Arab countries resumed.

In 1994, Jordan signed a peace agreement with Israel that was expected to lead to increased trade and a boom in Israeli tourism to fuel economic growth. The peace treaty created Qualified Industrial Zones (QIZ's) in Jordan – areas within the country where goods can be exported duty and quota free to the United States, provided that there is Israeli involvement in their manufacturing³⁶ However, the peace treaty did not meet expectations for the creation of a large amount of economic growth. GDP declined during the second half of the 1990's due to weak demand for goods, severe cuts in the earnings of Jordanian expatriates, and less trade with Iraq due to international sanctions.

³⁵ See Van Hear, N. (1995). The Impact of the Involuntary Mass 'Return' to Jordan in the Wake of the Gulf Crisis. *The International Migration Review*, 29(2), 352-374. doi:10.2307/2546785

³⁶ See the website of the International Trade Administration
<http://web.ita.doc.gov/tacgi/fta.nsf/7a9d3143265673ee85257a0700667a6f/196ed79f4f79ac0085257a070066961d>

Upon King Hussein's death in 1999, his son King Abdulla II took power. Abdulla stated "the economy [was] to be his top priority, in recognition of the hardships experienced in the Kingdom during the previous decade."³⁷ He made a particular point of encouraging a younger generation of small businessmen in the knowledge economy. Like his father and grandfather, the new King quickly realized that the most effective way to aid an ailing economy was to seek strategic grants from abroad; immediately after taking power, he began lobbying for increased grants in aid. In 1999, Jordan signed an association agreement with the European Union, which was quickly followed by Jordan's entrance into the World Trade Organization and a free trade agreement with the United States in 2000.³⁸ The Kingdom became more valuable to the United States after 9/11 and, since 2003, the United States has been the country's largest economic supporter.

Throughout the 2000's Jordan's economy experienced uneven levels of economic growth. The Kingdom officially graduated from its structural adjustment program with the IMF in 2004 only to return to the Fund in 2016 to support ongoing economic and financial reform efforts.³⁹ Jordan is seen as one of the most stable countries in the Middle East and remained peaceful during the Arab Spring, when its neighbors experienced upheaval and civil unrest. However, the Syrian and Iraq crises have led to a large influx of refugees in Jordan, disrupted trade flows and reduced tourism; there are more than 655,000 Syrian refugees currently living in

³⁷ Robins, *A History of Jordan*. p. 203

³⁸ Jordan became only the fourth country to sign a free trade agreement with the U.S, behind Israel, Canada and Mexico

³⁹ See World Bank overview of Jordan <http://www.worldbank.org/en/country/jordan/overview>

Jordan.⁴⁰ Currently, Jordan's largest economic obstacles are high unemployment,⁴¹ a continued dependency on grants and remittances, and a large and growing youth population.⁴²

Jordan is a country with cleavages in its political and civil society: Palestinians and Transjordanians, rural farmers and educated urbanites, public sector and private sector workers, and a rich elite and poor masses. However, the country, which has few natural resources and sits in a tumultuous region, has thrived. Jordan boasts a well-educated population, growing finance and technology sectors, and a stable government. With its young population, Jordan has many incentives to create sustainable and long-term economic growth.

Part 2: Literature Review

This thesis is situated at the intersection between political economy and development policy. It explores the development of economic policy to promote growth through female entrepreneurship in Jordan directly following the economic crisis in the late 1980's and early 1990's. Jordan underwent its economic recovery at a time of changing trends in global development policy, in gender roles, and in employment practices. This thesis analyzes the relationship between the new macroeconomic policies formed during Jordan's economic recovery and the work of Jordanian NGOs supporting female entrepreneurs. I first provide a discussion of the competing views on economic development, followed by a presentation of the current research on the effects of structural adjustment policies on female entrepreneurship in developing countries.

⁴⁰ Jordan's Economic Outlook, April 2017. (2017). *The World Bank*. doi:10.5089/9781475564655.081

⁴¹ Unemployment in Jordan reached a historical high of 15.3% in 2016

⁴² 70% of Jordan's population (6.5 million) is below 30 years of age. See UNDP statistics <http://www.jo.undp.org/content/jordan/en/home/countryinfo.html>.

Economic Development

Amartya Sen, the Nobel Prize-winning economist, argues that economic development entails a set of linked freedoms: political freedom and transparency in relations between people; freedom of opportunity, including freedom of access to credit; and freedom from poverty, including economic protection measures such as income supplements and unemployment relief. Sen characterizes poverty by the lack of one of these freedoms, which includes a lack of political rights and choice, vulnerability to coercive relationships, and exclusion from economic choices and protections. Sen views the free market as an essential method of achieving freedom⁴³.

Building off of Sen's definition of economic development, multiple economists have written books detailing the most effective methods of achieving freedom from poverty in developing countries around the world.

In *The End of Poverty*, Jeffrey Sachs asserts that a onetime investment in a poor country can lift that country out of a "poverty trap"⁴⁴. A poverty trap stems from endemic problems of poor countries, such as infertile land, diseases, little trade, and no water, that make it nearly impossible for them to be productive without an initial large investment to fix these problems. However, poor countries cannot make this investment precisely because they are poor, so the giving of international aid can lead to a virtuous cycle. In this cycle, a onetime investment to lift countries out of poverty makes them more productive, which results in higher incomes, which lead to further productivity. Using this framework, Sachs worked with developing countries across the globe to stabilize currency, convince International Financial Institutions to forgive

⁴³ Sen, A. (1999). *Development as freedom*. New York: Anchor books.

⁴⁴ Sachs, J. (2005). *The end of poverty: economic possibilities for our time*. New York: Penguin Books.

countries' debts, and create policies to stimulate long-term economic growth. In this way, Sachs argues for the positive changes that development programs have made in the lives of the poor.

In *Dead Aid*, Dambisa Moyo argues that Western aid has further impoverished developing countries, specifically sub-Saharan Africa⁴⁵. She argues that not only is aid not proven to help its intended recipients, but also it is actually harmful to the growth and stability of developing nations. Aid creates a vicious cycle of corruption that makes both domestic and foreign investment in poor countries unattractive. Individuals then send the money they have stolen overseas and leave their people in poverty. This leads International Financial Institutions to give more aid, which only furthers the corruption. Furthermore, in an environment with a high degree of corruption, fewer entrepreneurs will risk their money in business ventures where corrupt officials can lay claim to their proceeds. In this way aid disincentivises growth. Likewise, Moyo argues that, in an aid environment, governments are less interested in fostering entrepreneurs and the development of their middle class than in fostering their own financial interests.

Moyo asserts that a well functioning civil society is the backbone of longer-term sustainable development. She then argues that foreign aid weakens civil society, reduces individual freedom, and erodes trust in government and society. To create economic growth, establish a strong civil society, and incentivize entrepreneurship Moyo argues for using alternatives to aid for financing development, including issuing sovereign debt in the international bond markets, utilizing foreign direct investment, and investing in microfinance institutions.

⁴⁵ Moyo, D. (2009). *Dead aid : Why aid is not working and how there is another way for Africa*. London ; New York: Allen Lane.

In *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, Abhijit Banerjee and Esther Duflo cite both Sachs's and Moyo's books before arguing that both economists are approaching the role of development policy incorrectly⁴⁶. Instead of focusing on asking if aid is good or bad, they should be asking if aid is good or bad in specific circumstances. The authors then use randomized control trials to test if aid was effective in specific circumstances. Their book blends macroeconomic policy with microeconomics by looking at the impact of large programs by governments and International Financial Institutions, as well as examining the impact of microfinance loans given to small farmers in Morocco, and the individual impacts of opening factories in Indian villages. Through these studies, Banerjee and Duflo conclude that International Financial Institutions provide meaningful and effective assistance to the poor in certain circumstances, while operating ineffectively and having no purpose in other situations. Their book provides a strong argument for the continued need to critically examine individual and community narratives surrounding development aid. In many cases, Banerjee and Duflo argue that aid money accomplished the goal of the policy program, but the program itself did not improve the lives of the people it was intended to help. They cite a study conducted in Peru and India on training programs established by microfinance institutions. The study found that the training programs were effective in helping clients improve their business knowledge- ability to manage their accounts and inventory, and understand interest rates- but they did not lead to changes in profits, sales, or assets⁴⁷. In this respect it becomes imperative to not only compare the goals of policy decisions to their outcomes, but to ask people if they experienced meaningful change in their lives after the implementation of policy.

⁴⁶ Banerjee, A. V., & Duflo, E. (2012). *Poor economics: a radical rethinking of the way to fight global poverty*. New York: Public Affairs.

⁴⁷ *Ibid*, p. 224

International development policy is often dominated by a debate about large macroeconomic policy decisions. Economists ask, “why people are poor” and does “international financial assistance help or hurt”⁴⁸. At the same time, policy makers embark on a constant search for solutions to drastically change the lives of large numbers of economically disadvantaged people. The World Bank and IMF, then, publish policy papers highlighting macroeconomic statistics that indicate positive or negative progress towards implementing these decisions. In reality, however, development policy is a collection of economists’ large ideas, specific programs implemented by multinational aid organizations, and everyday decisions about the allocation of money in developing countries. Theories such as those from Sachs, Moyo, and Banerjee and Duflo form the basis for daily decisions about where money in developing countries goes and how it is used.

Importance of gender to economic development policy

In *Developing Partnerships: Gender, Sexuality, and the Reformed World Bank*, Kate Bedford argues, “gender and sexuality matter to international development and that international financial institutions (IFIs) are key players in the restructuring of gender norms.”⁴⁹ Regardless of one’s opinion on the role of gender in development policy, International Financial Institutions already fund programs focused on technical assistance for female workers, family strengthening and female economic participation; therefore, development organizations have connected debates about gender to debates about political economy. The book goes on to demonstrate IFIs changing perspective on gender since the early structural adjustment period of the 1980’s; Bedford asserts that women bore the brunt of adjustment policies through increased paid and unpaid labor. The

⁴⁸ See <https://www.pooreconomics.com>

⁴⁹ Bedford, K. (2009). *Developing partnerships: gender, sexuality, and the reformed World Bank*. Minneapolis: University of Minnesota Press. (p.12)

World Bank now accepts the premise that women's entry into the workforce must be accompanied by a decrease in the amount of unpaid labor at home. This change in viewpoint by the staff and leaders of the World Bank is reflected in the Bank's changing language to describe issues of gender and sexuality in its programs after 1995⁵⁰. Bedford, however, argues that the IFIs changing language has not led to a meaningful change in policy. Like Bedford, Mervat F. Hatem, a professor of political science at Howard University, argues that the "the introduction of economic liberalization, including privatization, beginning in the 1980's, led to the feminization of unemployment and poverty."⁵¹

Female entrepreneurship in Jordan

In an academic study on entrepreneurship in Jordan titled *Supporting Opportunities for Female Entrepreneurship in Jordan*, Andrea Caputo, Salime Mehtap, Massimiliano M. Pellegrini, and Reem Al-Refai develop their own comprehensive list of 28 organizations in Jordan that support female entrepreneurs. They then use the 5M's – a gender-based framework including markets, money, management, motherhood, and macroeconomic environment – to study entrepreneurship and to conceptualize women entrepreneurs in Jordan.⁵² Caputo et al. write, "the recurring themes that effect female entrepreneurship in developing countries seems to fall into the fifth M of the model, namely the macro environment."⁵³ Through a qualitative analysis of organizations supporting female entrepreneurial activity in Jordan, the study maps the spectrum of supporting opportunities available for women. The authors conclude that the general

⁵⁰ The World Bank now has a page on their website exclusively devoted to gender. See <http://www.worldbank.org/en/topic/gender>

⁵¹Hatem, Mervat F. (2005) "In the shadow of the state", *Journal of Middle East Women's Studies* 1 (3): 20-45. (p. 28)

⁵² This 5M's framework was developed by Brush, De Bruin and Welter in their article "A gender aware framework for women's entrepreneurship" (2009)

⁵³ Caputo A., Mehtap S., Pellegrini M., Al Refai R. (2015), "Supporting Opportunities for Female Entrepreneurs in Jordan", *International Journal of Entrepreneurship and Small Business* (p. 11)

perception of the economic role of women in society needs to change; there is a need for a well-established entrepreneurial ecosystem, which will encourage and empower females to create their own businesses; and women need more access to boot camps, training facilities, and networking opportunities.⁵⁴

During its recovery, Jordan implemented policies of economic liberalization, which had a large impact on the business environment and social fabric of the country. Jordan's economic liberalization coincided with the microfinance revolution, which theorists embraced as an opportunity to catalyze growth in every corner of the developing world. This spurred a research focus on female entrepreneurship, which is at the center of microfinance⁵⁵.

Within the framework of economic development, academics have advanced arguments for and against the technical and financial assistance of donor countries and IFIs. Research showing the importance of gender to economic development policy came out just as IFIs were implementing loan programs across the developing world to combat the debt crisis of the late 1980's. It pushed IFIs to create a narrative surrounding their contribution to female economic participation. And, while researchers have studied the effect of structural adjustment policies on women, and programs implemented to support female entrepreneurs and women's economic empowerment, no one has tried to reconcile the economic environment created after structural adjustment with the macro economic environment faced by women entrepreneurs in Jordan.

This thesis does not argue for or against the premise of structural adjustment lending as a tool for economic development policy. There currently exists a vast amount of literature,

⁵⁴ *Ibid*, p. 16

⁵⁵ See Bureau for gender Equality, & Social Finance Program. (n.d.). "Small change, Big changes: Women and Microfinance". *International Labour Office*. Retrieved from http://www.ilo.org/wcmsp5/groups/public/@dgreports/@gender/documents/meetingdocument/wcms_091581.pdf "Women particularly benefit from microfinance as many microfinance institutions target female clients"

presented and explained below, debating the morality of structural adjustment and its impact on the poor; the conditionality imposed by structural adjustment policies; and structural adjustment's reliance on market reform. Instead, this thesis looks to tie the economic environment and policy decisions in Jordan to the experiences and opportunities provided to female entrepreneurs. I frame this question by looking at the macroeconomic policies of the time, which shapes the economic, political and social environment in which these entrepreneurs operate.

Section II: Structural Adjustment

Part 1: Analysis of the Advent and Policies of Structural Adjustment

Structural Adjustment

The term structural adjustment was first coined by World Bank President Robert McNamara at the end of the 1970's.⁵⁶ It referred to a set of lending practices whereby governments would receive loans if they agreed to implement specific economic reforms. In practice, structural adjustment is usually undertaken after an economic crisis has started developing; such crises generally involve a combination of large inflationary pressures, inability to attract foreign investment, and slow economic growth. In the structural adjustment era countries accepted World Bank and International Monetary Fund loans with attached International Financial Institution (IFI)-dictated conditionalities, such as the recipient nation agreeing to fiscal policy reforms. Dambisa Moyo describes the evolution of economic development thought as beginning with a focus on industrialization in the 1960s, moving to a

⁵⁶ Bell, Michael Mayerfeld. Ashwood, Loka L. (2018). *Invitation to Environmental Sociology*, S.I: Sage Publications (USA).

reduction in poverty in the 1970's, turning to the structural adjustment policies of the 1980's, placing an emphasis on good governance in the 1990's, and moving to the rise of glamour aid in the 2000's.⁵⁷

The current debate about the effectiveness of and most effective way to provide structural adjustment has its roots in the Bretton Woods agreement of 1944.⁵⁸ A post-World War II gathering of forty three countries that established a framework for a global system of financial and monetary management and agreed on measures to rebuild shattered post-War economies. Since then, the major aim of these financial institutions has shifted from repairing post-War infrastructure to creating and advocating economic development policies.

It was not until the 1970's, in response to the global debt crisis, that international financial institutions advocated liberalization and privatization to generate economic growth. Rising oil prices, precipitated by the Arab Oil Embargo of 1973 and the Iran-Iraq war of 1979, led Central Banks in the developed world to tighten their monetary policy by raising interest rates.⁵⁹ This in turn led to developing countries being unable to afford the higher servicing payments on their loans, which created an international debt crisis. The practice of adjustment lending was a reaction to the debt crisis, stemming from the IFIs' desire to respond to a need for short-term financial support, such as the need to quickly stabilize a country's currency and to reschedule foreign debts. At the same time, experience showed that projects undertaken in poor economic policy environments performed poorly⁶⁰, so the IFIs attached conditionalities to their stabilization plans in the hopes of incentivizing good governance. Developing countries, unable

⁵⁷ Moyo, *Dead Aid*. p. 14-26

⁵⁸ See "What are the Bretton Woods Institutions?" <http://www.brettonwoodsproject.org/2005/08/art-320747/>

⁵⁹ Moyo, *Dead Aid*. p. 42

⁶⁰ Kaufmann, Daniel, "The Forgotten Rationale for Adjustment Lending," unpublished manuscript (background paper to 1991 World Development Report), World Bank, 1991.

to repay foreign debts, agreed to implement policy reforms in exchange for financial support from the IMF and the World Bank.

The IMF implemented structural adjustment programs throughout Latin America, the Middle East, and Sub-Saharan Africa in the 1980's. Between 1988 and 1994, the governments of developing countries transferred more than 3,000 entities from public to private hands.⁶¹ States decreased their protection of domestic industries from foreign competition, put fewer barriers on the movement of capital across their borders, lessened the regulations on their labor markets, refrained from using their central banks to finance deficit spending, and joined the World Trade Organization, which promotes international trade openness and safeguards for property.⁶² Not only have developing countries adopted economic policy reforms as a response to adjustment lending agreements, they have also adopted governance reforms, including constructing institutional frameworks, such as bankruptcy legislation and judiciary independence, to help safeguard against market imperfections. These all represent steps along the continuum of evolving economic development policy within the IFIs policy framework. While there are examples of countries that accepted IFI assistance without taking these steps,⁶³ for the most part the 1980's and 1990's saw developing countries undertake a collection of economic reforms.

The goals of structural adjustment have been summed up by a former chief economist of the World Bank as stabilization, liberalization, deregulation, and privatization.⁶⁴ Structural adjustment encompasses an interrelated set of "macro" and "micro" economic reforms.

Macroeconomic reforms are aimed at achieving price stability and sustainable internal and

⁶¹ Bouton, Lawrence; Sumlinski, Mariusz A. (1996). *Trends in Private Investment in Developing Countries: Statistics for 1970-1995*. Part 63. Washington, DC: World Bank Publications. (p.5)

⁶² Together these policies form a reform package, mainly implemented by countries most affected by the debt crisis, known as the Washington Consensus.

⁶³ See Harrigan, J and El Said, "Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983-2004". They describe the Tunisian government's resistance to cutting social subsidies.

⁶⁴ Summers, L., & Pritchett, L. (1993). The Structural-Adjustment Debate. *The American Economic Review*, 83(2), 383-389. Retrieved from <http://www.jstor.org.proxy.library.emory.edu/stable/2117695>

external balance, while microeconomic reforms are aimed at producing efficient resource use, reducing poverty, and creating long-term economic growth. These microeconomic reforms take more resources to implement, show results only over a longer time period, and are significantly harder to measure. They are often at the center of debates about the successes and failures of structural adjustment. Stabilization is acknowledged as necessary to reduce inflation and bring economies out of crisis, but there is no one agreed upon path to then creating sustainable economic growth.⁶⁵

As structural adjustment policies have proved ineffective in some countries and detrimental to others, policy makers and economists inside and outside of the IFIs have acknowledged the limitations of the structural adjustment era. Lawrence H. Summers, a former chief economist of the World Bank and former Secretary of the Treasury during the Bill Clinton Administration, has noted, “adjustment lending is neither necessary nor sufficient for adjustment.”⁶⁶ William Easterly, an economist at NYU and co-director of the University’s Development Research Institute, has said there is a “general historical record that foreign aid and adjustment lending have not discriminated much between good and bad policies.⁶⁷” Common critiques of adjustment lending rest on the environment in which fiscal and governmental policy proposals are recommended; the preferred creditor status of IFIs; the incentive for IFI’s to lend; the ineffectiveness of conditionalities; and the social consequences of adjustment lending.

Critiques of Adjustment Lending

Five major critiques of structural adjustment lending are as follows: (1) Adjustment lending creates coercive environments; (2) IFI’s require preferred creditor status, limiting the

⁶⁵ Sachs, J. *The end of poverty: economic possibilities for our time*.

⁶⁶ Summers L., & Pritchett, L. “The Structural Adjustment Debate”. p.383

⁶⁷ Easterly, W. (2003). IMF and World Bank Structural Adjustment Programs and Poverty. *National Bureau of Economic Research*, 361-381. (p.380) Retrieved from <http://www.nber.org/chapters/c9656>

financial options for countries that accept their loans; (3) the structure of IFI's creates incentives for them to lend, rather than to make better policy; (4) the conditionalities imposed by structural adjustment are unfair and do not work; and (5) structural adjustment creates the largest societal burden on the poor.

Some argue that the nature of structural adjustment lending leads to coercive environments created through uneven power dynamics between IFI's and recipient nations. They point out that countries turn to the World Bank or IMF as lenders of last resort in a time of crisis; therefore, these countries are more willing to accept the policy suggestions of the IFI's. This environment gives IFI's a large amount of bargaining power, leading economists and policy makers to argue that countries are forced to accept circumstances that are not in their best interest and would never be agreed to absent the substantial financial pressure an economic crisis creates.⁶⁸

IFI's are given preferred creditor status, meaning that in cases of default their loans get paid before those of any other institutional lenders. The IMF argues that without preferred creditor status it would be unable to assist countries on the brink of crisis, which would force countries into default, and stabilize the financial system as a whole. Others argue that IMF lending is driven by the political interests of the IMF's largest shareholders, namely the United States, and that the conditionality and austerity that the IMF demands only enable the expansion

⁶⁸ Williams, Gavin (1994) "Why structural adjustment is necessary and why it doesn't work" ,21:60, 214-225, DOI: 10.1080/03056249408704057

For example the World Bank, IMF, and the United States Agency for International Development (USAID) promoted replacing publicly funded social security with private individual accounts. Social security has been privatized throughout Latin America and the former Soviet countries, while privatization is still widely unpopular in the United States, France, and Germany.

of Western interests.⁶⁹ Therefore, the IFI's are taking the bargaining tool of preferred creditor status off the table without providing meaningful benefits in return.

Others argue that the incentive structure of IFI's encourages lending at the expense of creating sound policy. Dambisa Moyo points out that IFI's face pressure to lend; "[f]or most development organizations, successful lending is measured almost entirely by the size of the donor's lending portfolio and not by how much of the aid is actually used for its intended purpose."⁷⁰ Jim Yong Kim, the current president of the World Bank, is seeking to reform the entrenched bureaucracy of the development agency. He notes that he is not the first president of the Bank to attempt reform, and the current system of incentives actively works against his efforts. The World Bank rewards staff for loans, as opposed to using creative financing packages, like leveraging private sector funds.⁷¹

Opposition to conditionalities stems both from their purpose and their implementation. Opponents of conditionalities assert that they force developing nations to hand over control to policy makers at IFIs, so policy makers in Washington are making government policy instead of the actual governments of developing countries. Others argue that conditionalities are not enforced and, therefore, there is little incentive to implement them. "A World Bank study found that as much as 85% of aid flows were used for purposes other than that for which they were initially intended,"⁷² yet the World Bank and the IMF continue to provide developing countries with financial assistance. Stockholm University Professor Jakob Svensson found "no link

⁶⁹ See Kunnibert Raffer, "Improving debt management on the basis of UNCTAD's principals"; see also Moyo, *Dead Aid*, p. 42,

⁷⁰ Moyo, *Dead Aid*. p.54.

⁷¹ Thomas, L., Jr. (2018, January 25). The World Bank is Remaking Itself as a Creature of Wall Street. *The New York Times*. Retrieved from <https://www.nytimes.com/2018/01/25/business/world-bank-jim-yong-kim.html>

⁷² Moyo, *Dead Aid*. p. 39.

between a country's reform effort or fulfillment of conditionality and the disbursement rate of aid funds."⁷³

Opponents of the social conditions created by structural adjustment programs argue that the austerity measures put in place through the adjustment process exacerbate poverty and increase unemployment. Furthermore, they assert that the poor have suffered disproportionately from the implementation of structural adjustment policies, and government spending cuts have primarily affected programs that protect the poor. Likewise, Jeffrey Sachs has argued that money spent servicing government debt, which is required to repay loans from IFIs, cannot be spent on basic functions of liberalized governments, such as the provision of public health, education, and infrastructure.⁷⁴ In their article "Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco and Tunisia 1983-2004", Hamad El-Said and Jane Harrigan argue that by weakening social welfare programs, IFIs have undermined the pro-Western regimes in Egypt, Jordan and Morocco's most significant source of authority, the social welfare they provide their citizens.⁷⁵

These opponents often contend that when structural adjustment policies lead to increased unemployment, women and youth are more likely to feel the effects. Likewise, other circumstances related to structural adjustment, such as external debt and reduced government budgets, may negatively affect women by eliminating resources such as access to healthcare and subsidized education.⁷⁶

⁷³ Svensson, J. (2003). Why conditional aid does not work and what can be done about it? *Journal of Development Economics*, 70(2),

⁷⁴ Sachs, *The End of Poverty: economic possibilities for our time*.

⁷⁵ Harrigan, J and El Said "Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983-2004". p.100

⁷⁶ Buchmann C. (1996). "The debt crisis, structural adjustment and women's education: Implications for status and social development". *Int. J. Comp. Sociol.* 37(1-2):5-31

After the 1990's the World Bank and the IMF changed their approach and their language surrounding lending to developing nations. While IFIs no longer implement the so-called structural adjustment programs of the 1980s and 1990s, they continue to lend to developing countries in pursuit of economic development. In the 2000s, countries given IMF loans maintained greater autonomy in policy-making, while private investor interest in emerging markets increased with increasing globalization and advanced financial instruments. Now, developing countries have the opportunity to secure investment from private hedge funds, sovereign wealth funds, and national bond issuances, as well as from IFIs. However, the effects of structural adjustment policies implemented in the 1980s and 1990s continue to impact the social and economic fabric of developing nations as well as the institutional structures of the World Bank and the International Monetary Fund.

Comparison Cases: Structural Adjustment across the Middle East and North Africa

Before examining the impact of structural adjustment policies in Jordan, it is helpful to understand the implantation and impact of structural adjustment programs in other Middle Eastern and North African (MENA) countries and throughout the developing world. Like Jordan, Morocco, Egypt, and Tunisia turned to IFIs in the 1980s and early 1990s when they were unable to service their foreign debts after the collapse of oil prices. While “countries are not assigned [structural adjustment] policies randomly but in response to economic and political circumstances,” these Middle Eastern countries experienced many of the same challenges as Jordan.⁷⁷

Morocco was the first Arab country to sign a loan program with the IMF in 1984. Tunisia signed a loan package in 1986, followed by Jordan in 1989 and Egypt in 1991. The

⁷⁷ Summers L., & Pritchett, L. “The Structural Adjustment Debate”. p.384

conditionalities associated with Morocco's development loan included removing barriers to business entry, deregulating labor markets, and introducing austerity measures. Export led growth led to a significant decline in poverty in Morocco from the mid 1980s until the early 1990s; however, Morocco then experienced a period of economic decline and worsening poverty. Statistics regarding unemployment and poverty in Morocco have been contested; for example, while the official unemployment rate in Morocco was 17 percent in 1989, some experts believe that it was closer to 20-25 percent.⁷⁸ Morocco terminated its agreement with the IMF in 1993, although it continued to work with the World Bank.

Like Jordan, Morocco's growth in unemployment has disproportionately affected youth and women, while Morocco's economic growth at the turn of the century was largely based on remittances and tourism revenues. Likewise, the ascension to the throne of King Muhammad VI in 1999 marked a major turning point in political and social policy in Morocco. The new king emphasized social policy and sought to speed up economic reforms. Morocco's experience of successful stabilization measures coupled with painful economic reforms and continued poverty and unemployment is very similar to Jordan's experience with the implementation of structural adjustment policies.

Unlike Jordan, Egypt, or Morocco, the Tunisian government refused to dramatically change social policy when implementing structural adjustment policies. Tunisia focused on slowly liberalizing its economy. In this way the country was able to maintain high economic growth, but saw little increase in private investment and employment creation between 1986-2004.⁷⁹

⁷⁸ Harrigan and El-Said, "Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983-2004". p. 103

⁷⁹ Harrigan and El-Said, "Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983-2004". p. 114

Egypt signed a loan package with the IMF in 1991. Like its neighbors, Egypt was experiencing an economic crisis. Egypt faced a large external debt, high inflation, and an unsustainable balance of payments. Unlike Jordan, Egypt's support for the United States in the First Gulf War brought a huge debt forgiveness package in concert with IMF and World Bank economic liberalization policies. Egypt's first phase of reform was rapid stabilization to reduce inflation and improve the fiscal deficit. Economic growth in Egypt was slow and mostly due to increased domestic demand, as opposed to increased trade. As Egypt began its second phase of economic reform, the government, in concert with the IFI's, increased its focus on poverty alleviation with mixed results. Although increased economic growth did reduce poverty, most Egyptians did not feel that their quality of life improved.

Like Jordan, Tunisia, Morocco, and Egypt are often put forward as countries that successfully implemented extensive structural reforms. All of these countries experienced a stabilization phase of adjustment policies followed by years of economic growth. Stagnation followed the economic growth, increasing the levels of poverty and unemployment that had decreased as the country's GDP increased. However, Jordan's growth phase in the 1990s was much shorter than those of Morocco and Egypt. Therefore, the decline in Jordanian poverty – from 14.4% in 1992 to 11.7% in the late 1990s – was less marked.⁸⁰ However, many academics and policy makers in the Arab world dispute the IFIs claims of successful implementation of structural reforms. In a survey of eight Middle Eastern and North African countries that accepted assistance from the World Bank and the IMF in the 1980s, including Egypt, Morocco, Tunisia, Jordan, Sudan, Turkey, Algeria and Mauritania, Mohamad Riad El-Ghoney found that, despite improvements in macroeconomic indicators, the social situation in each reforming country

⁸⁰ Harrigan and El-Said, "Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983–2004". p.104

became “worse than before reform.” Specifically, unemployment and poverty increased and income inequality increased in every country except Tunisia⁸¹.

Critics of structural adjustment policies in the Arab World claim that economic liberalization and the transition to free market economies proved unsuccessful, while privatization policies resulted in a concentration of wealth in the hands of the elite. These are similar to critiques of structural adjustment policies heard throughout Latin America and sub-Saharan Africa; however, structural adjustment critics in the Arab World have linked the anger and resentment that fueled the uprisings of the Arab Spring to the austerity measures implemented during the structural adjustment era.⁸²

Summary

The phrase “structural adjustment” elicits a strong reaction from governments, policy makers at IFIs, and social scientists. Some associate structural adjustment with political instability, increased poverty, unemployment, and the strong arms of developed countries. Others conclude that adjustment lending creates economic growth, increases exports, and lowers fiscal deficits.⁸³ Aggregate national data sets, local case studies, and individual surveys have been used to support arguments for and against the structural adjustment policies of IFIs and the broad development policies popular during the structural adjustment era of the 1980s and 1990s.

Economic development policy is made within a complex framework of international institutions, non-governmental organizations, international and local politics, and complex market forces. In the end, it is nearly impossible to identify one agreed upon measure for the

⁸¹ Harrigan and El-Said, “Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983–2004”. p. 101 from El-Ghonemy, Mohammed. *Affluence and Poverty in the Middle East*, London: Routledge, 1998.

⁸² See Mohammad Mosallem, “The IMF and the Arab World”; Harrigan and El Said. “Economic Reform, Social Welfare, and Instability: Jordan, Egypt, Morocco, and Tunisia, 1983–2004”.

⁸³ Summers L., & Pritchett, L. “The Structural Adjustment Debate”.

success of a development policy, and, because of the complex forces surrounding economic development programs, it is also impossible to identify one reason for economic success or decline.

Part 2: Analysis of World Bank and IMF Reports of Structural Adjustment Programs in Jordan

The World Bank's assistance to the Hashemite Kingdom of Jordan in the 1990s coincided with a period of "considerable political and economic turmoil."⁸⁴ It also coincided with an IMF led structural adjustment program, which had the goal of stabilizing Jordan's currency and increasing economic growth.

Jordan's 1989 IMF-sponsored structural adjustment program rescheduled Jordan's debt and provided the Kingdom with US\$60 million in Sustainable Development Program assistance. This was the first of three Stand By Arrangements (SBA) and three Extended Fund Facility (EFF) arrangements Jordan made with the IMF. Likewise, from 1994-2005, the World Bank made loans of US\$69 million to Jordan's health sector and of US\$234 million for education. The Bank also contributed to a Social Productivity Program (SPP) that included community infrastructure projects, training and employment support projects, and projects targeted at poverty reduction. While, the World Bank and IMF provided separate loans to Jordan, the two organizations worked in collaboration in the Kingdom and aligned their development goals.

Both the IMF and the World Bank have praised Jordan's economic liberalization efforts. Researchers have used the terms "euphoria"⁸⁵ and "success" to describe the IFIs feelings

⁸⁴ Tsidi Tsikata, Steve Kayizzi-Mugerwa, and Daouda Sembene, "Evaluation Report IMF Support to Jordan, 1989–2004," International Monetary Fund Independent Evaluation Office, December 6, 2005, p. 76, available at <<http://www.imf.org/External/NP/ieo/2005/jor/eng/pdf/report.pdf>>.

⁸⁵ Harrigan, J, El-Said, H and Wang, C (2006b) The IMF and the World Bank in Jordan: A Case of over Optimism and Elusive Growth, *The Review of International Organizations* 1 (3): pp. 263- 92.

surrounding the outcomes of their programs. However, others have disputed Jordan's status as a "model reformer" and "an example of successful economic liberalization"; they argue that the economic growth Jordan experienced in the 1990s and early 2000s was not due to structural adjustment and would not be sustainable.⁸⁶ Critics instead attribute economic growth in Jordan to the expansion of non-sustainable, non-tradable activity, rather than the export led intensive growth that successful stabilization and structural reform programs seek to generate.

As the previous section outlined, supporters and critics have debated the policies and practices of the IMF and the World Bank throughout the structural adjustment period. This section uses World Bank and IMF analyses to examine the narratives that the IFIs, themselves, have crafted of whether and to what extent their economic stabilization and investment programs succeeded in the Kingdom.⁸⁷ Specifically, I examine reports from the IMF's Independent Evaluation Office⁸⁸ and the World Bank's Operations Evaluation Department.⁸⁹ These reports were chosen because they are comprehensive in nature and present the best efforts of these international organizations to objectively analyze their development work during the structural adjustment period in Jordan. Both academics and think-tank analysts have credited these reports

⁸⁶ Luis Abugattas-Majluf "Model Reformer Without Upgrading?"; and Harrigan and El-Said. "The IMF and the World Bank in Jordan: A case of over optimism and elusive growth"

⁸⁷ While these evaluative bodies are independent, they publish comprehensive reports through access to internal documents that are sanctioned by the IMF executive board and require management approval for implementation. For further reading on the role of evaluation reports within these international organizations, see Linn, J. F. (2016, July 28). Evaluating the Evaluators: Some Lessons from a Recent World Bank Self-Evaluation. Retrieved from <https://www.brookings.edu/opinions/evaluating-the-evaluators-some-lessons-from-a-recent-world-bank-self-evaluation/>. This is an analysis of the World Bank's internal evaluation group's evaluation of itself, which it completed with the input of an external agency. Overall, the Brookings analysis concludes that, while there is room for improvement, the internal evaluation group at the World Bank does a fair job in its essential role of advancing the accountability and learning of the World Bank. For the IMF, see Lamdany, R., & Edison, H. (Eds.). (2012). Independent Evaluation at the IMF: The First Decade. in which the authors conclude that the documents of the Independent Evaluation Office are indistinguishable from other IMF documents "using the same terminology and the same frame of reference" (p. 114)

⁸⁸ IMF Support to Jordan 1989-2004: The Independent Evaluation Office of the International Monetary Fund (published by the International Monetary Fund in 2005).

⁸⁹ Jordan – An Evaluation of World Bank Assistance for Poverty Reduction, Health and Education: The World Bank Operations Evaluation Department (published by The World Bank in 2004).

with generating new knowledge that is utilized within the IMF, by other international organizations, and by member countries.⁹⁰

According to the IMF, “[t]he evaluation of IMF support to Jordan provides an opportunity to assess typical features of relations between the IMF and its borrowing members, and to put in a specific country context IEOs earlier findings on program design and links between programs, surveillance and technical assistance.”⁹¹ The IMF’s key issues for evaluation were threefold: (1) The effectiveness of programs – including strategies, policies, and conditionality – in achieving their objectives and the factors that determine outcomes; (2) the extent to which IMF surveillance activities contribute to identifying and tackling deep-rooted macroeconomic problems; and (3) identification of what drives the provision of technical assistance, and how effectively technical assistance contributed to Jordan’s capacity to formulate, implement, and monitor macroeconomic policies and performance. The evaluation utilized qualitative sources such as internal IMF documents, interviews, case studies and field visits as well as quantitative sources such as surveys.

The Operations Evaluation Department is an independent unit within the World Bank that reports directly to the Board of Directors. In their own words, “OED assess what works, and what does not; how a borrower plans to run and maintain a project; and the lasting contribution of the Bank to a country’s overall development.”⁹² The World Bank examined the effectiveness of their assistance to Jordan during the 1990’s from three perspectives: (1) An analysis of the

⁹⁰ Lamdany, R., & Edison, H, “Independent Evaluation at the IMF: The First Decade”. This paper provides a detailed analysis of the 18 evaluative reports issued by the IMF including the framework of the reports and the structure of the IMF’s evaluation office. People see the Evaluation Office’s “main value in terms of the evidence it is able to assemble, drawing on its privileged access to people, documents and numbers”(p. 115)

⁹¹ Tsidi Tsikata, Steve Kayizzi-Mugerwa, and Daouda Sembene, “Evaluation Report IMF Support to Jordan, 1989–2004,” International Monetary Fund Independent Evaluation Office, December 6, 2005, available at <<http://www.imf.org/External/NP/ieo/2005/jor/eng/pdf/report.pdf>>. (p. 4)

⁹² Seijaparova, D., & Holst Pellekaan, J. W. (2004). Jordan: An Evaluation of World Bank Assistance for Poverty Reduction, Health and Education A Country Assistance Evaluation. *The World Bank Operations Evaluations Department*. (p. 2) <http://www.oecd.org/countries/jordan/36488523.pdf>

Bank's services and products; (2) development effectiveness; and (3) the contribution of the Bank and its development partners to development outcomes. The World Bank's findings are based on a review of project appraisal and completion reports, sector reports, and a number of other documents produced by the bank. Likewise, the authors interviewed current and retired government officials, donor representatives, and members of the private sector as well as current and retired bank staff.

IMF Report

IMF's Independent Evaluation Office (IEO) conducted its evaluation in order to use Jordan as a "case study" for IMF lending.⁹³ Jordan provided a good example of a middle-income country in which the IMF had an extensive development role for an extended period of time. In his analysis of all IEO studies, Lamdany commented that, in the IEO's study of Jordan, the report lacked an internal comparative framework; the IEO wrote about the IMF's "routine" work in Jordan, but never explained what benchmark it used to determine the success or failure of the IMF's performance in the country.⁹⁴

The forward of the IMF review states, "Jordan has made major progress over the fifteen year period of IMF program involvement – it has achieved macroeconomic stability, restored external viability, and transformed the structure of the economy." The beginning of the review then changes tone and reports that the IMF's programs were "moderately successful"; however, "some of the main structural rigidities that underlay the financial crisis that led Jordan to its first IMF supported program still remain".⁹⁵

⁹³ Analysis of the Activity of the Independent Evaluation Office of the IMF, p. 100

⁹⁴ Lamdany and Edison, "Independent Evaluation at the IMF: The First Decade". p. 95.

⁹⁵ "Evaluation Report IMF Support to Jordan, 1989–2004", Summary of Findings and Lessons p. 1

The report then details the IMF's vision for Jordan upon the conclusion of the structural adjustment program. The IMF wanted the private sector to be "the main engine of growth" and felt they could accomplish this by significantly reducing public sector economic involvement to help sustain the domestic investment, while implementing structural reforms to boost productivity and export performance. While outlining the IMF's major policy objectives, the IEO acknowledged that the IMF "did not adequately communicate their policy objectives with the public and did not shed light on the rationale for IMF policy advice⁹⁶."

The IEO then spent a significant portion of the report describing the economic environment in Jordan before structural adjustment. They detailed the events of the oil crisis, Jordan's rising external debt, and the eventual currency and debt crisis that led Jordan to seek financial assistance. Based on IMF advice, the Jordanian government reduced minimum tariffs from above 300 percent to 50 percent between 1989 and 1996 and then to 35 percent in 1999⁹⁷. It replaced a series of narrow existing consumption taxes with a general sales tax. Further, the government gradually replaced food subsidies with direct cash assistance to the poor administered by the National Aid Fund, while relaxing restrictions on the import and export of food commodities by the private sector. In the banking sector, the IMF provided technical assistance to help the Jordanian government "strengthen the banking system, improve the national payment system, and deepen the financial markets."

The report concluded that Jordan made significant progress towards reducing its national debt and increasing its resiliency to external financial shocks. The report lauded Jordan's reduced expenditures in the early 1990s, the governments' compliance with macroeconomic conditionality- the country met their targets of reducing external debt and maintaining liquidity

⁹⁶ "Evaluation Report IMF Support to Jordan, 1989–2004", Summary of Findings and Lessons p. 4

⁹⁷ "Evaluation Report IMF Support to Jordan 1989-2004", p. 16

in the banking system, and the IMFs provided valuable technical assistance in the areas of public finances, central bank operations, and macroeconomic statistics. The report was critical of Jordan's increasing government expenditure and widening fiscal deficit in the late 1990s and early 2000s, the governments compliance with structural conditionality- arguing that they were slow in committing to tariff and tax reform, and the IMFs communication with outside stakeholders. During their visit to Jordan, the authors of the report found little awareness of the contributions of IMF technical assistance outside of the policy making agencies; "Nongovernmental stakeholders interviewed-especially journalists and academics- urged the IMF to be more forthcoming with analyses that underpin its advice to the government"⁹⁸. Overall the evaluation office was pleased with the IMFs program implementation and technical assistance to Jordan.

World Bank Report

The World Bank evaluation report on Jordan, "Jordan: An Evaluation of World Bank Assistance for Poverty Reduction, Health and Education A Country Assistance Evaluation"⁹⁹, begins with an acknowledgement of the external environment in Jordan at the time of the evaluation period of the World Bank's assistance inside the country. The report states, "the World Bank's assistance to Jordan in the 1990's coincided with a period of considerable political and economic turmoil." Factors influencing the Kingdom's economic and social development at the time included the oil crisis, the Gulf War, and the peace treaty between Jordan and Israel.

⁹⁸ "Evaluation Report IMF Support to Jordan, 1989-2004", p. 62

⁹⁹ Seijaparova, D., & Holst Pellekaan, J. W. (2004). Jordan: An Evaluation of World Bank Assistance for Poverty Reduction, Health and Education A Country Assistance Evaluation. *The World Bank Operations Evaluations Department*. (p. 2) <http://www.oecd.org/countries/jordan/36488523.pdf>

The introduction generally states a list of economically and politically relevant historical events in a neutral tone.

The report then describes what it concludes were successful poverty reduction and health efforts and somewhat less successful education investments. In finding their poverty reduction programs were successful despite an increase in Jordanian unemployment and poverty, the World Bank framed their conclusions in the context of the Gulf War and other events that decreased Jordanian employment abroad.¹⁰⁰ The Bank, in conjunction with the government and other international donors, worked to reduce poverty through the creation of a Social Productivity Program (SPP) aimed at supporting Jordan's large refugee population, helping municipalities, and creating a training and employment support project designed to help employers train potential employees. The evaluation report concluded, "these activities are meeting their objectives." In regards to education, the report concluded that education indicators in Jordan are among the highest in the region, stemming from the country's emphasis on the development of human capital – commonly referred to as the Kingdom's main resource – as essential to prepare Jordanians for both domestic and foreign employment. The largest amount of World Bank loans to Jordan in the 1990's were directed towards education projects; however, the report found that "the Bank provided considerable support for vocational training, but this training turned out to not be relevant to the skill demands and therefore had little impact." The report was especially harsh in its review of World Bank education programs in Jordan, criticizing them for a lack of relevance and results.

¹⁰⁰ The bank attributed much of the increase in poverty to a decrease in remittances and an increase in unemployment during the Gulf War, when Jordanians working in the Gulf were forced to return to Jordan. The World Bank's internal research shows that poverty in Jordan rose from an estimated 3 percent in 1987 to 14 percent in 1992.

The World Bank's evaluation report sought to place its analysis within the economic and political circumstances of the 1990's, while noting that this broader context was not present in many of the reports published on individual World Bank programs in Jordan during that period. For example, in the late 1990's, Jordan used World Bank loans to finance extensive projects in their education sector without a thorough review of the primary, secondary, and higher education available in the Kingdom; "[b]y 1999, the Bank had financed ten education projects without an assessment of the strategic objectives of the education center a whole."

The World Bank Evaluation made extensive remarks on programs to generate employment in the region, finding that, as the government went through the structural adjustment process in the 1990s, the Kingdom began focusing on generating domestic employment. The report stated, "the earlier plan had emphasized large capital intensive projects, while the next plan was aimed at generating employment through small-scale manufacturing enterprises and technical service firms directed at the export market and agriculture."¹⁰¹ But in the World Bank synopsis, it concluded that small-scale industry has not generated near enough jobs to combat the country's high unemployment rates.

In evaluating the development effectiveness of their projects, the Bank examined the counterfactual: what might have been the outcome for the sector involved if the Bank had not provided assistance. The Bank found their projects in the health sector to be more effective than their projects in poverty reduction, and education and vocational training.

Analysis of the IMF and World Bank Reports

Both the IMF and World Bank evaluation reports make clear that generating employment was a top priority; however the IMF put no emphasis on generating female employment and the

¹⁰¹ Jordan: An Evaluation of World Bank Assistance for Poverty Reduction, Health and Education A Country Assistance Evaluation, p. 25

World Bank put little emphasis on female employment in comparison to the amount of space they allocated to employment policy. The IMF report uses a form of the word “employment” (i.e. employer, employee, employment) fourteen times, while only using the word “women” once and never mentioning the word “female”. The World Bank report uses a form of the word “employment” fifty six times, while using the word “women” three times and the word “female” eight times. The World Bank implemented specific programs aimed at increasing employment, especially through vocational training and technical assistance, while the IMF implemented economic policy aimed at generating economic growth to increase employment in the country. However, by mostly ignoring the impact of female employment on economic growth and fiscal sustainability in the country, the IMF, the World Bank and the Jordanian government missed an opportunity to include half the country in the revitalization of the economy.

The Independent Evaluation Office’s (IEO) review of IMF programs in Jordan highlighted IMF the policy proposals, the technical assistance provided to Jordan, and the strengths and weaknesses of IMF policy implementation in the country. Many of the policy proposals the IMF review touched upon generated serious backlash from the Jordanian people; specifically, the IMF’s recommended reduction of food subsidies and reduction of the public service generated particularly substantial opposition. The IMF acknowledged their weakness in communicating their policy decisions to the public, but never mentioned the significant negative public response to their suggested policies. Likewise, the IMF intended their policies to create economic growth in the Kingdom, decrease unemployment, and create economic stability; however, their review did not contain an analysis of whether their programs changed unemployment rates in the country.

Many of the IMF's economic policies directly impacted the entrepreneurship environment in Jordan. The IMF acknowledged that "any assessment of the appropriateness of program design has to take account of the likelihood that it will be implemented," arguing for domestic ownership of policy suggestions; however, the IMF did not explain to what extent many of their policy recommendations were implemented. Many female entrepreneurs cite an inability to access financing from banks, a lack of access to export markets, and large amounts of regulation as obstacles to their success. The IMF broadly attempted to address many of these obstacles, but never documented the outcomes of these policies on actual businesses in the country.

The World Bank report did a good job of situating the World Bank's goals within the larger framework of the economic environment in Jordan and the goals of structural adjustment programs. However, as the report acknowledges, many programs were implemented without the same comprehensive study of the economic environment and specific sector objectives. While the report comments on the weaknesses in the results of the Bank's vocational programs and employment generation programs, it does not provide recommendations for addressing Jordan's high rate of unemployment and frequent mismatch of skills training between the education sector and the labor market.

Summary

Hypothesis 1: The International Monetary Fund and World Bank programs during Jordan's structural adjustment did not address the role of female entrepreneurship in creating long-term economic growth.

The analysis of the evaluations of World Bank and International Monetary Fund loans support hypothesis 1. The goal of International Monetary Fund assistance to Jordan in the 1990s was to identify and solve deep rooted macroeconomic problems (such as increasing trade, reducing the national debt, and strengthening the private sector) in the country, while the World Bank sought to reduce poverty, and improve health and education in Jordan. Both IFIs ultimately wanted to see long-term, sustainable economic growth in the country. This paper argues that improving Jordan's economy, strengthening the private sector, increasing employment through education, and reducing poverty are not possible without reforms that support the economic contributions of women. And neither the World Bank nor the International Monetary Fund address the effect of macroeconomic indicators on female employment or entrepreneurship.

Section III: Jordanian Civil Society, Economic Development, and Female Entrepreneurship

Part 1: Relationship Between Female Entrepreneurship, Economic Growth, and the Goals of Structural Adjustment

Both the World Bank and International Monetary Fund (IMF) have stated goals of creating sustainable economic development in Jordan. Many economists point to economic growth as a necessary part of achieving sustainable economic development, while the Millennium Development Goals stress the links between growth and human development.¹⁰²

Furthermore, as Massoud Karshenas points out, "Gender is indispensable to an understanding of

¹⁰² Melamed, Claire, and Andy Sumner. *Economic Growth and the MDGs - ODI Briefing Papers 60*. Overseas Development Institute.

the evolution of Middle Eastern labor markets [,] and increasing women's labor force participation is essential to the success of structural adjustment."¹⁰³ There is an undeniable relationship between female participation in the economy and the economic growth achieved in developing countries. In 2006, the Economist's article, "A guide to womenomics," stated that "since 1970 women have filled two new jobs for every one taken by a man."¹⁰⁴ Employing more people leads to increased GDP growth, and growth in labor in the Middle East comes primarily from greater female employment.¹⁰⁵ Since the 1970's, some of the world's fastest growing economies have seen the largest increases in female employment.¹⁰⁶

Jordan's National Development Plan of 1975-1980 initially stated the goal of women's integration into the labor force. Furthermore, after the debt crisis, and the subsequent adoption of new development strategies based on trade liberalization and greater market orientation, countries in the Middle East and North Africa (MENA) region, like Jordan, called for a greater focus on women's employment as a way to increase economic growth. However, the MENA region continues to have the lowest number of females employed in the world. In 2004, only 16% of Jordanian females were employed compared to an average of 21% across the Middle East. In 2017, female labor force participation in the formal economy in Jordan had only risen to 17.7%. In comparison, the 2017 labor force participation rate of women was 24.5% in Lebanon, 26.1% in Morocco, 26.5% in Tunisia and 23.1% in Egypt.¹⁰⁷ Jordan has one of the most stable open economies in the Middle East, coupled with one of the most stable governments; yet, the country has one of the lowest female labor force participation rates in the region. Furthermore,

¹⁰³ Karshenas, M. (1997). *Economic liberalization, competitiveness and women's employment in the Middle East & North Africa*. Cairo: Economic Research Forum for the Arab Countries, Iran & Turkey.

¹⁰⁴ "A guide to womenomics" *The Economist*

¹⁰⁵ The World Bank "The status and progress of women in the Middle East and North Africa"

¹⁰⁶ "A guide to womenomics" *The Economist* "In East Asia for every 100 men in the workforce there are now 83 women"

¹⁰⁷ Statistics from The World Bank Group: <https://data.worldbank.org/indicator/SL.TLF.TOTL.FE.ZS>

unemployment in Jordan has adversely affected youth and women, especially educated women. The 2015 unemployment rate for educated Jordanian women was 25%, compared to 15% for less educated women.¹⁰⁸

Along with employment, entrepreneurship metrics are seen as a major indicator of economic and social development, since “[a]n essential foundation of sustainable economic development is a vibrant private sector.”¹⁰⁹ Higher levels of entrepreneurship in a country signify a strong business environment and greater confidence in the government to maintain a stable financial environment that makes business possible. Despite a strong microfinance community, a highly educated population, stated government support for increasing entrepreneurship, and a widely boasted “growing entrepreneurship culture,”¹¹⁰ Jordan has underachieved in developing a regulatory environment to promote entrepreneurship. The World Bank’s Ease of Doing Business Survey, which analyze indicators required for a successful business environment, identified resolving insolvency, enforcing contracts, protecting minority investors, and difficulty accessing credit as Jordan’s weakest indicators.

Within the larger goal of increasing entrepreneurship in the Kingdom sits the goal of increasing female entrepreneurship as a means to increase female employment and create economic growth. In 2007, women entrepreneurs accounted for only 3.9% of entrepreneurs in Jordan.¹¹¹ In a survey of women-owned firms across the Middle East, only 6% of Jordanian firms generated more than \$100,000 per annum, as compared to 18% of women-owned firms in

¹⁰⁸ Schiff, Adam, Nicholas Schmidt, and Javi Troncoso. *Entrepreneurship Environment Assessment in Jordan*. Report. May 2015. Humphrey School of Public Affairs, University of Minnesota. Silatech Research and Policy Report. (p. 7)

¹⁰⁹ Jaoui, F., & Rashid, Q. (2015). *Improving the Business Regulatory Environment for Entrepreneurs and SMEs in Qatar*. Doha: Silatech.

¹¹⁰ See <https://www.aspeninstitute.org/publications/pnb-building-jordans-entrepreneurship-investment-ecosystem/>, and https://www.huffingtonpost.com/adele-waugaman/jordan-tech_b_2236492.html

¹¹¹ *Women Entrepreneurs in the Middle East and North Africa: Characteristics, Contributions and Challenges* (Rep.). (2007). The Center of Arab Women for Training and Research and The International Finance Corporation Gender Entrepreneurship Markets.

Tunisia and 33% of women-owned firms in the UAE.¹¹² Furthermore, international trade is a symbol of the success and growth opportunities available to a business. Especially in a country as small as Jordan, with a population of only 10.2 million,¹¹³ global trade is essential to business growth; twenty-two percent of Jordanian women-owned firms trade internationally, compared to 26% in Lebanon, 35% in Tunisia, 39% in Bahrain, and 46% in the UAE.¹¹⁴

Female business owners in Jordan report difficulty getting access to capital and greater difficulty registering and starting their businesses. Owners surveyed by the International Finance Corporation stated their top three policy recommendations to improve the business environment in Jordan were reducing time to register and start a business, reducing business registration costs, and promoting business ownership in general. Since the 1980s, a greater focus on female employment, in Jordan and around the world, has led to a variety of organizations being established to support female entrepreneurs. Microcredit, small loans made at affordable interest rates to transform the lives of impoverished people,¹¹⁵ has reached 150-200 million borrowers worldwide, mostly women.¹¹⁶ In Jordan, microfinance started in the mid-to-late 1990s and in 2014 reached more than 310,000 loans with \$260 million in capital. The private microcredit sector in Jordan is highly transparent and an industry leader in the Arab world.¹¹⁷ Likewise, business accelerators, business incubators and NGOs offering training in basic business skills have been operating in the country since the 1990s and early 2000s.

¹¹² *Ibid.* p.4

¹¹³ CIA World Fact Book

¹¹⁴ *Women Entrepreneurs in the Middle East and North Africa: Characteristics, Contributions and Challenges* (Rep.). (2007.). The Center of Arab Women for Training and Research and The International Finance Corporation Gender Entrepreneurship Markets.

¹¹⁵ This is the definition of Microcredit given by Muhammad Yunus, widely considered the pioneer of microcredit. Yanus and Grameen Bank, the institution he founded, were jointly awarded the Nobel peace prize in 2006 for his work on microcredit. <http://www.pbs.org/now/enterprisingideas/Muhammad-Yunus.html>

¹¹⁶ Banerjee and Duflo, *Poor Economics*. p. 168

¹¹⁷ Schiff, Adam, Nicholas Schmidt, and Javi Troncoso. *Entrepreneurship Environment Assessment in Jordan* . Report. p. 27

The specific characteristics of female entrepreneurs include additional family care responsibilities, the need for flexible work environments, and their concentration in specific sectors. Female entrepreneurs report that balancing work and family is more challenging for them than it is for male business owners¹¹⁸ and that they face cultural constraints when trying to form the network necessary to expand their businesses. Likewise, female entrepreneurs are more likely to start businesses out of necessity than male entrepreneurs. Necessity driven entrepreneurs are self-employed because of a lack of wage employment, while opportunity driven entrepreneurs are self-employed because they want to pursue new opportunities, thus opportunity driven entrepreneurs are more likely to invest in and grow their business. Necessity driven entrepreneurs are more likely to run businesses that have less growth potential, require less skill, and have low barriers to entry. These businesses are usually concentrated in the service sector and are undifferentiated in the market.¹¹⁹ The challenge for developing countries is to provide females an economic environment that encourages female business owners to start successful, innovative, and opportunity driven businesses.

Part 2: The emergence of Jordanian Civil Society

Development experts generally agree that a well functioning civil society and a politically involved citizenry are the backbone of longer-term sustainable development.¹²⁰ In Jordan, the emergence of a strong civil society emerged in conjunction with the acceptance of IMF and World Bank structural adjustment loan packages. However, political acceptance of civil society

¹¹⁸ *Women Entrepreneurs in the Middle East and North Africa: Characteristics, Contributions and Challenges*. p. 8

¹¹⁹ Banerjee and Duflo, *Poor economics*. p. 220: Banerjee and Duflo conclude that even if the poor are given more money often they will not invest the extra funds into their businesses. They found that “part of the reason the businesses of the poor don’t grow, it seems to us, goes back to the nature of the businesses they operate. Poor people start businesses that have less growth potential, require less skill and less upfront investment”

¹²⁰ Moyo, *Dead Aid*. p. 58

was not a conditionality that IFIs set, but, instead, a concession to the people in exchange for the hardship of the austerity measures. Voluntary organization in Jordan was legalized in 1936, but the imposition of martial law in 1957, in reaction to an alleged military coup attempt, constrained the growth of NGOs. It was not until the political liberalization measures adopted by King Hussein in 1989 that martial law was ended and the presence of NGOs in Jordan greatly expanded.¹²¹

Five sectors dominate civil society in Jordan: the Islamic sector; service-oriented NGOs; professional organizations, such as syndicates and unions; informal and formal family and community organizations; and pro-democracy organizations.¹²² Today there are more than 2,000 civil society organizations in Jordan, and approximately 50 percent of these organizations are NGOs.¹²³ The World Bank praises these NGOs for their proximity to remote communities and to the poor.

IMF structural adjustment forced the Jordanian government, specifically the Jordanian monarch, to reduce its role in the economic sphere. The government, which had previously provided large sums of financial assistance to its people, accepted the fiscal rigidity that came with structural adjustment. It agreed to freeze government wages, reduce the size of the civil service, and reduce gas and food subsidies. Social groups filled the vacuum that reduced government assistance for the poor by providing welfare services to Jordan's citizens.¹²⁴ The

¹²¹ Clark, J., & Michuki, W. (2009). Women and NGO Professionalization: A Case Study of Jordan. *Development in Practice*, 19(3), 329-339. Retrieved from <http://www.jstor.org.proxy.library.emory.edu/stable/27752061>

¹²² Hawthorne, A. (2004, March). Middle Eastern Democracy: Is Civil Society the Answer? (p. 6-9) Democracy and Rule of Law Project: Number 44

¹²³ Clark, J., & Michuki, W., "Women and NGO Professionalization: A Case Study of Jordan." p. 330 From Kassim, Hisham (ed.) (2006) *Directory of Civil Society Organizations in Jordan 2006*, Amman: al-Urdun al-Jadid Research Center

¹²⁴Jarrah, S. (2009). *Civil society and public freedom in Jordan: the path of democratic reform*. Washington, DC: Saban Center for Middle East Policy at the Brookings Institution.

number of NGO's in Jordan doubled between 1989 and 2005.¹²⁵ Not all of these organizations provide social services – many of them are political organizations formed for job support and collective bargaining – but the emergence of these organized social groups marked the beginning of Jordan's independent non-governmental organizations. This NGO boom in Jordan coincided with a worldwide NGO boom in the 1990s following the debt crises and economic hardships of the 1980s.

Jordan is unique in the Arab world for the activity of its civil society and the strength of its NGO community.¹²⁶ This can be seen in the growing body of literature examining the professionalization of Jordanian NGOs beginning in the 1990s. Jordanian NGOs have come to be dominated by educated and trained employees with specific areas of expertise.¹²⁷ As Jordan's NGOs have grown, the entire region has seen an increase in NGO activity.

In their Operation Directive, published in 1989, the World Bank defined non-Governmental Organizations using the following criteria¹²⁸:

1. Largely or entirely independent of the government.
2. Working for humanitarian or cooperative rather than commercial ends, and to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development.

In Jordan, non-Governmental Organizations can be broadly separated into three categories: NGOs, semi-governmental NGOs and royal NGOs. Semi-governmental NGOs are established by the government, run quasi independently, rely partially on external funding, and have a

¹²⁵ Al-Kuwassim, F., & Al-Bdarin, R. "Role of Women in Leading Change: Applied Study on Working Women Organizations in Jordan". p. 18

¹²⁶ Clark, J., & Michuki, W., "Women and NGO Professionalization: A Case Study of Jordan."

¹²⁷ Clark, J., & Michuki, W. (2009). Women and NGO Professionalization: A Case Study of Jordan. *Development in Practice*, 19(3), 329-339. Retrieved from <http://www.jstor.org.proxy.library.emory.edu/stable/27752061>.

¹²⁸ World Bank Operational Directive: Involving NGOs in Bank Supported Activities. (p.1) (August, 1989). *OD 14.70*.

government appointed minister on their board. Royal NGOs are established by royal decree and are technically independent of the state. They are founded by and under the patronage of a member of the royal family, and their boards of directors are composed of volunteers. These NGOs are exempt from laws requiring NGOs to publish their finances and laws allowing the Ministry of Social Development to dissolve them at any time. Likewise, royal NGOs are not audited and can apply for and receive funds directly from foreign donors, while also receiving their core funds from the state. These NGOs tend to be highly professionalized and popular with foreign donors as a method to maintain a good relationship with the royal family. Non-royal, service-oriented NGOs are smaller than royal and semi-governmental NGOs, non-profit oriented, and neither established by nor patronized by the government or a member of the royal family¹²⁹.

Part 3: Jordanian NGO Analysis

This section examines internal evaluation documents of the work of nine NGOs in Jordan supporting female entrepreneurs in the Kingdom.

Methodology

Through their research, Caputo, et al., established the most comprehensive list of organizations working on female entrepreneurship in Jordan. When Caputo and her team set out to conduct their research, they thoroughly searched for an updated database of all the organizations that support entrepreneurs in the country. Since a database of this nature did not exist, the team (1) interviewed several Jordanian experts – including scholars, consultants, and journalists – on their knowledge of organizations that support entrepreneurs; (2) approached incubators collaborating with their employer, the King Talal Business School at the Princess

¹²⁹Clark, J., & Michuki, W., "Women and NGO Professionalization: A Case Study of Jordan." p.331

Sumaya University for Technology; (3) interviewed several entrepreneurs based in Amman, the capital of Jordan and home to a majority of the population, to ask which organizations offered support to entrepreneurs; and (4) contacted organizations on their list to confirm the groups truly offered support to female entrepreneurs. Their search heuristic stopped when, after several interviews, they no longer collected new organization names.¹³⁰

After reviewing the search methodology of Caputo et al. and conducting numerous online and database searches¹³¹, I am confident that these researchers identified the most complete list of organizations in Jordan that support female entrepreneurs. From this list, Caputo et al. identified fourteen non-profit organizations, four private companies, and four public companies – including companies established by and majority-supported by the Jordanian government or by a foreign government. Since I am seeking to compare Jordanian civil society’s internal narrative of female entrepreneurship to one put forward by external financial actors, I removed private companies and non-profit organizations registered in a foreign country from my analysis.

I then conducted a thorough search of the websites of the remaining organizations, looking for organizational reports and case studies on the status of their support to female entrepreneurs through the services they provide- financing, accelerator programs, business incubation, skills training, and employment initiatives. I ran searches in both Arabic and English and collected all review documents and studies.

¹³⁰ Caputo A., Methtap S., Pellegrini M., Al Refai R. (2015), “Supporting Opportunities for Female Entrepreneurs in Jordan”, *International Journal of Entrepreneurship and Small Business*.

¹³¹ After reviewing the list published by Caputo et al I conducted internet searches using a combination of the terms “women’s organizations” “entrepreneurship initiatives” “support for female employment” with the search terms “Jordan” and the “Hashemite Kingdom of Jordan” in both Arabic and English. I also used these terms in “Google Scholar”, “JSTOR”, “Academic Search Complete” and “EconLit”. I identified one other study of Jordanian women’s organizations (“Role of Women in Leading Change: An Applied Study on Working Women’s Organizations in Jordan”- cited above) but chose to use the Caputo et. al study because of its focus on female entrepreneurs as opposed to organizational change.

I conducted further Internet searches that involved scanning and reading newspaper articles and outside reports published about the work of these organizations and their projects, as well as reading press releases issued by many of the organizations. These documents provided a greater understanding of the breadth, depth, and interconnectedness of the work of the business accelerators, training institutions, and microfinance organizations in Jordan that support female entrepreneurs.

During my analysis of the documents, I sought to gain a more complete understanding of the work of these organizations. In their article, Caputo et al. simply sought to identify the organizations and report on the general types of activities they were involved in. Building on their efforts, I sought to gain a more complete understanding of these NGOs' work, structure, goals, and project efficacy and effectiveness in order to better understand the emphasis they put – if any at all – on the effect of the external economic environment on their activities.

For my analysis, I further categorized the organizations into general development agencies, institutions supporting technology entrepreneurship, support services for poor and rural women, and micro-finance institutions. I chose these categories because while all of the organizations supporting female entrepreneurs in Jordan share the goals of increasing female empowerment and generating economic growth, they target different subsets of the population, and provide distinct services. Jordan has an active community focused on developing startups in the Information and Communications Technology (ICT) space; these organizations are generally looking to support students and well educated professionals. Jordan also has a significant NGO community focused on female empowerment among rural and semi-urban poor women; these organizations generally operate satellite offices in the country's small villages and towns. These

categories simply provide a way for the reader to understand the findings both at the level of the individual organization and across similar organization types [Figure 1].

General Development Agencies: Development institutions that offer training and advising for female entrepreneurs

Jordan Enterprise Development Corporation (JEDCO)

Documents Reviewed: Website¹³², organizational analysis on women entrepreneurship in Jordan and female empowerment¹³³, organizational analysis on the business environment in Jordan¹³⁴

Overview: JEDCO was established in 2003 with the aim of “supporting the establishment and development of enterprises to become globally competitive.” The Corporation works on trade policy, legal and regulatory issues, border management and capacity building, and training. As part of their work, JEDCO has a specific department focused on publishing reports on Small and Medium sized Enterprises (SMEs); they have recently written reports on women entrepreneurs in Jordan and the business environment in the country. The reports focus on the current figures on female unemployment, women’s participation in the economy, and comparing Jordan’s business indicators to best practices. In their report on the business environment in Jordan, they recommend the Jordanian government reduce the bureaucratic process in the registration of land and real estate, adopt a digital system for the registration of title deeds, require municipalities to work with Jordan’s Department of Civil Defense to streamline the

¹³² Jordan Enterprise Development Corporation (JEDCO) "min nahnu" (n.d.). <http://www.jedco.gov.jo>

¹³³ Dudokh, D., & Aqel, A. (2017). Women Entrepreneurship in Jordan: Women Empowerment. *Jordan Enterprise Development Corporation*.

عقل, ع, & دودخ, د. (2017). دراسة حول تحسين مرتبة اردن ضمن تقرير ممارسة الأعمال. المؤسسة الاردنية لتطوير المشاريع الاقتصادية

registration of building permits, and allow business owners to register a bank account, obtain a tax number and complete the registration procedures for the Ministry of Industry within the same time period.

On a smaller scale JEDCO supports projects and programs for emerging entrepreneurs, new entrepreneurs, SME owners, and innovative and high growth SMEs. JEDCO partners with public and private sector companies to establish a network of innovation centers in Jordan's smaller cities. The network "develops entrepreneurs marketing skills, lobbies for intellectual property laws, and encourages the use of innovation in developing value-added projects". JEDCO has recently been involved in establishing an "SME Growth Observatory", which collects information about the SME sector, monitors the performance of companies, and evaluates the effectiveness of SME policies to make recommendations to Jordanian policymakers. JEDCO also has a "banking window" service, which aims to assist companies that need financing from commercial banks. JEDCO assists these companies in meeting the financing requirements of commercial banks by helping them negotiate with banks and capital contribution partners, prepare investment files, and improve collateral terms. This service is targeted towards startups and established businesses creating jobs outside of Amman that are looking to expand production in the manufacturing, service, and agribusiness sectors.

Jordan Forum for Business and Professional Women

Documents Reviewed: Website¹³⁵, Jordan Forum for Business and Professional Women Communication and Marketing Strategic Plan 2009¹³⁶

¹³⁵ Jordan Forum for Business and Professional Women. <http://www.bpwa.org.jo/>

¹³⁶ Eman Al Jidara, Afanah. "Jordan Forum for Business and Professional Women: Communication and Marketing Strategic Plan 2009." February 23, 2009.

Overview: The Jordan Forum for Business and Professional Women is a non-for-profit business association that was established in 1976 as the “Business and Professional Women’s Club”; it registered with Jordan’s Ministry of interior under the name “Jordan Forum for Business and Professional Women” in 2002. The purpose of the organization is to serve Jordanian professional women and increase their contribution to the development of the Jordanian economy. When the organization was first established, its aim was to empower women at a time when their participation in the national economy was rare. The forum is governed by women, and advocates support for women in business. It provides technical support to small businesses through specialized professional training, technical consulting, workshops, presentations from successful businesswomen, and private incubation for startup companies. In 2008, the forum launched the National Initiative for Training & Direct Employment for Females, which has the goal of providing the private sector with 5000 technically trained women.

Business Development Center (BDC)

Documents Reviewed: Website (“What is the business development center?” “Our Objectives,” “How we succeed,”)¹³⁷ the Business Development Center’s publications on their conference presentations¹³⁸

Overview: The BDC was established in 2004 as a non-profit organization with the purpose of fostering economic development and public reform in Jordan. The Center states their objectives as “promoting entrepreneurship and innovation; creating employment opportunities and building

¹³⁷ Business Development Center. <http://www.bdc.org.jo>

¹³⁸ www.bdc.org.jo (2017). مركز تطوير الأعمال يشارك في 5 مؤتمرات عالمية.

individual capacities for youth and women; enhancing the competitiveness, sustainability and export capacity of Jordan's SMEs; promoting public-private partnerships; and fostering linkages between SMEs and financial resources." The BDC advertises itself as a link between donor organizations and project implementation; as such, the BDC's website is only in English, except for a select few of their news publications written in Arabic.

The BDC's self-proclaimed major accomplishments include "assisting 349 factories in entering the U.S, European and Canadian Markets; assisting 250 SMEs to participate in international trade shows; providing 454 female entrepreneurs with training; and, helping 20 Jordanian women attend entrepreneurship development classes in the United States." The organization itself provides business development training and international connections, but it sends entrepreneurs to other economic development organizations for seed funding, mentorship, and further support.

The BDC's most recent published content provides details about international conferences they attended in Barcelona, Cairo, London, Istanbul, and Oman. The conferences covered several topics, such as encouraging entrepreneurship, creating employment opportunities for youth and refugees, helping women enter the labor market, and linking sustainable development goals to employment creation. The BDC used these conferences to share their experiences promoting entrepreneurship in Jordan and to encourage international support and funding for creating employment opportunities in Jordan.

Technology Entrepreneurship Support Institutions

iPark Technology Incubator

Documents Reviewed: Website (“about” page and stories of iPark incubated firms)¹³⁹, Report on iPark Jordan Technology Incubator in a research paper titled “Sustainable and Replicable ICT Incubator Model for Sub-Saharan Africa: Country Reports”¹⁴⁰

Overview: iPark is a business incubator for technology startups founded in 2003. Its website highlights the startup incubator’s ability to “increase the opportunity for success for technology start-ups” in Jordan. It offers access to investors, industry networking events, and growth acceleration. iPark’s website is only available in English, even though other business accelerators in Jordan reference the website in Arabic, showing that iPark targets educated Jordanians with advanced knowledge of English. Likewise, iPark requires start-ups and early stage businesses provide them with a “solid business plan and marketing plan” before providing them with space in the accelerator. They look for a “sustainable competitive advantage” and “strong growth potential” when choosing startups to incubate.

Report on the iPark Technology Incubator: The authors of the report visited Jordan in September 2008 in the course of conducting an exploratory project to see what would be required to start a successful technology incubator in sub-Saharan Africa. They first conducted a series of interviews with the founder of iPark and its director, at the time, to learn about the establishment of the incubator. Both iPark’s founder and the current director had worked in technology in the United States before returning to Jordan. The founder established iPark with the initial funding and space provided by Jordan’s Higher Council on Science and Technology (HCST). The HCST continues to provide iPark with legal council, marketing, and public relations assistance.

¹³⁹ iPark: Jordan's Technology Incubator. <http://www.ipark.jo>

¹⁴⁰ Sustainable and Replicable ICT Incubator Model for Sub-Saharan Africa: Country Reports. (n.d.). Retrieved from https://www.infodev.org/infodev-files/resource/InfodevDocuments_763.pdf

The study then explored the “ecosystem” in which the incubator operated, examining business environment and culture, support for entrepreneurship, availability of financing, government ICT regulatory policy, and labor force. The study found that there was “a growing culture of entrepreneurship in Jordan, but it appeared to be limited in scope.”¹⁴¹ It also noted that, as of September 2008, Jordan ranked 131 out of 189 countries in the “starting a business” category on the World Bank’s Ease of Doing Business survey. While the ranking was an improvement from previous years, the study implied that the ranking would need to be improved upon in order to see true success with iPark’s business model. The as of yet unknown “ability of the labor force to sustain early stage technology development,” the report found, was a function of the very early stage of Jordan’s technology start-ups. At the time the report was conducted, Jordan was implementing a National ICT Strategy to increase Internet penetration from 11% in 2007 to 50% in 2011. The study suggested Jordan needed to focus on entrepreneurship and small business growth to enhance job opportunities in Jordan’s service sector.

The study concluded with commentary from iPark’s management team. Management stressed the value of face-to-face meetings when choosing businesses for the incubator. They also challenged themselves to put a greater focus on providing “business development” training. They felt that the companies had the technical skills to start their businesses – suggesting iPark was working with potential entrepreneurs who have a high level of education, expertise, and experience – but iPark could provide them with the structure needed to become successful. Finally, the managers felt that they needed to exert effort to develop networks with the entrepreneurial community in Jordan. This speaks to both the importance of connections in the entrepreneurship space and in the Middle East, as well as the early stage of development of the

¹⁴¹ Sustainable and Replicable ICT Incubator Model for Sub-Saharan Africa: Country Reports, p. 28

entrepreneurship community in Jordan. The report's authors concluded "the liberalization of the ICT space in Jordan will provide more opportunities for Jordanian entrepreneurs".

Queen Rania Center for Entrepreneurship

Documents Reviewed: Website¹⁴², QRCE: A Decade of Startup Support (Levant Business Intelligence- Venture Magazine)¹⁴³

Overview: The Queen Rania Center for Entrepreneurship was established in 2004 to help develop technology entrepreneurship in Jordan. The strategic plan of the center is to "complete an ecosystem for entrepreneurship development and support in the country starting with the business plan competition involving universities, entrepreneurs, and professionals from different sectors." The Center highlights its work with local and international organizations and emphasizes the Queen Rania National Entrepreneurship Competition, which it hosts every year. The contest previously asked students to develop and present any business idea, but now asks for the business ideas to address a national or regional challenge.

The Center cites its major accomplishments over the last 10 years as "organizing networking activities with over 30,000 participants; holding boot camps, training workshops and mentoring programs with over 4,000 participants; creating over 300 jobs; supporting over 100 startups; helping found over 25 high growth technology startups; and hosting over 10 national conferences and competitions." The Center also highlights its entrepreneurship initiative, which focuses on networking, recognition and awareness, capacity building and support, and project funding.

¹⁴² Queen Rania Center for Entrepreneurship. <https://www.qrce.org>

¹⁴³ Hosking, J. (2015, August 24). QRCE: A Decade of Startup Support. Retrieved from <http://www.venturemagazine.me/2015/08/qrce-a-decade-of-startup-support/>

The Center's published content includes a major social media push for Global Entrepreneurship Week, which emphasizes the Center's global network. Their content also includes pictures and video from their startup huddle initiative, which the Center holds every month to provide young entrepreneurs with the opportunity to "pitch their startups, reveal challenges, and crowdsource solutions."

In a recent interview with Venture Magazine, the director of the Queen Rania Entrepreneurship Center discussed how the organization sought to establish itself as a hub for entrepreneurship in the country. He highlighted its most recent initiative to create an innovation lab, the impetus for which was acknowledging "that there is a lack of support services that can be provided to the early stage pre-startups." Now, the innovation lab provides mentoring, access to work space and Internet, and "prototype funding" to the winners of the Queen Rania National Entrepreneurship Contest. The director of the center believes that the greatest challenge to Jordanian entrepreneurs is fear of failure.

Programs Supporting Business Creation Among Poor, semi-Urban and Rural Women

Women and Girls Empowerment (WAGE)

Documents Reviewed: WAGE project summary on the website of the King Hussein Foundation¹⁴⁴, website of the Women Business Development Incubator in Irbid¹⁴⁵, Website¹⁴⁶ and news articles¹⁴⁷ of the Aqaba Micro Business Incubator

¹⁴⁴ WAGE: Women and Girls Empowerment-Securing the Future.

<http://www.kinghusseinfoundation.org/index.php?pager=end&task=view&type=content&pageid=74>

¹⁴⁵ Women Business Development Incubator-Irbid. <https://wbdi.wordpress.com/about/>

¹⁴⁶ Aqaba Center. <http://www.nooralhusseinfoundation.org/index.php?pager>

¹⁴⁷ "Aqaba Micro-business Incubator Graduates Their First 22 Prospective Entrepreneurs". (2008, May 18). Retrieved from <http://aced-jordan.com/activity/item/142>

Overview: WAGE contends, “empowering women to contribute to sustainable economic development is a key element in addressing global challenges” and uses its’ reports to describe the benefits of empowering women economically. WAGE’s reports also focus on the work the King Hussein Foundation is doing to empower women “by developing locally appropriate models and working in partnership with women and community based organizations.”

WAGE programs include the Women Business Development Incubator in the North of Jordan and the Aqaba Micro Business Incubator in the south. The Women Business Development Incubator was started in 2002 as an “incubator without walls” that provides start-up and business development services in 21 villages in the north of Jordan¹⁴⁸. The incubator supports entrepreneurs in product based, food, handicraft, service based, and educational enterprises. They advertise a market-based approach and simple and easy access to financing. The Aqaba Micro Business Incubator holds an eight-day “How To Start Your Business” training program series. After the participants have completed their training, incubator staff help the graduates with feasibility studies, which they can then submit with a request to be incubated. The incubator provides space for five to ten prospective entrepreneurs for a period of six to nine months. These incubators provide entrepreneurship awareness sessions for women, advanced trainings in management, finance and marketing, technical training, ongoing business mentoring, and connections with microfinance institutions to help fund businesses.

¹⁴⁸ OECD (2014), "Gender inequality and entrepreneurship: A statistical portrait of the MENA region", in *Women in Business 2014: Accelerating Entrepreneurship in the Middle East and North Africa Region*, OECD Publishing, Paris. (p. 102) <http://dx.doi.org/10.1787/9789264213944-6-en>

IRADA

Documents Reviewed: Mid-Term Review of the Social and Economic Transformation Program (SETP)¹⁴⁹

Overview: IRADA is one part of the Jordanian government's larger social and economic transformation program. The IRADA program was designed to assist low-income individuals living in poverty pockets with limited and modest educational achievements to start small business ventures. The project is run by local consultants, who work out of centers in rural villages in Jordan. The project involves an initial meeting with an advisor at one of IRADA's 22 centers, assistance in preparing a business feasibility study, and post start-up follow up and assistance. IRADA also holds mini training programs and lectures by guest speakers to increase the awareness among small entrepreneurs of its services.

During the Mid-Term Review of Jordan's Social and Economic Transformation Program, extensive discussions were held with managers of IRADA at the Central support unit. Reviewers also visited five IRADA field offices and a survey was given to 120 participants. At the time of the Review's publication, IRADA had 2,130 applicants, which led to 1,774 projects being established, and 1,670 of the applicants successfully establishing businesses. The report concludes, "this is a remarkable achievement for a project of this nature compared to the track record of agencies with similar functions in other developing countries."

The review rated the IRADA project in five categories: relevance, effectiveness, efficiency, sustainability and impact. The relevance rating indicated that the investments were of high priority and supportive of the overall objectives, commenting that the IRADA projects met

¹⁴⁹ Evaluation Partnership Limited, International Development Partners and Associates, & MMIS Management Consultants. (2005). *Mid-Term Review of the Social and Economic Transformation Programme (SETP)* (Rep.). Ministry of Planning and International Cooperation.

the objective of Jordan's Economic Progress Plan to create opportunity for new low-income entrepreneurs. "The IRADA project addresses a clear case of market failure in Jordan which is the absence of a source of business advisory services available to small entrepreneurs at a reasonable (free) cost."¹⁵⁰The effectiveness category indicates the prospect for the investment to meet its stated objectives, and the review gave a medium rating, noting that "[o]utputs have been achieved within the planned time horizon. However, investment costs and management fees for these projects are on the high side." The review judged the sustainability of the project to be on the medium-low side, noting that the projects will continue to require government support over the medium term; reviewers did not expect IRADA to be able to be a financially autonomous entity in the short term. The review judged the effectiveness of the program as high, noting the number of small businesses created in a short period of time, while also acknowledging that many small businesses fail and many more could be created. The review judged the expected impact of the IRADA project to be high, noting that the project "has so far made a substantial direct impact in terms of promoting entrepreneurship and private investment in new business start-ups and expansion of existing small businesses benefitting low income individuals." Likewise, the project "has been successful in developing advisory capacity of local consultants, within various governorates around the Kingdom, as part of sustainable governorate development."¹⁵¹

The review sought to temper expectations about IRADA's impact, given Jordan's ongoing economic concerns. "[T]he average annual growth of the working age population in Jordan over the period 2000-2003 was 3.4% per annum whereas the labor force growth was only 1.7% per annum[,] which resulted in an increase in unemployment from 13.7% in 2000 to 14.5%

¹⁵⁰ *Ibid.* p.306

¹⁵¹ *Ibid.* p. 282

in 2003. More than half of the unemployed were first time job seekers and women are thus disproportionately affected.” It then notes, “in this bleak labor market situation, the contribution of the IRADA program to sustainable job creation is significant and noteworthy.” The largest numbers of projects established were in commerce (753 projects) and services (562 projects). Women owners represented 14 percent of the businesses started¹⁵²

In regards to the indirect impact of the IRADA project, the review remarked that the extensive media and publicity program have made the average citizen in rural and low income urban areas aware of the availability of information and assistance to start a business. In touting the effectiveness of the various training and guest speaker programs in raising awareness, the report said, “This is a clear break from tradition where the average low income citizen looks to the government for jobs or income support.” The review also noted that Jordan’s banking sector has increased loans to IRADA clients with business feasibility studies, even though “Jordan’s banking regulations adversely affect lending to small borrowers with inadequate collateral as banks cannot take movable assets other than transport vehicles as collateral”.

Microfinance Organizations

Microfund for Women (MFW)

Documents Reviewed: Microfund for Women: A case history of Microcredit in Jordan¹⁵³,

Overview: The Microfund for Women began operations in 1994, and registered as an independent NGO in 1996 under the name “Jordanian Women’s Development Association

¹⁵² *Mid-Term Review of the Social and Economic Transformation Programme (SETP)*. p. 319

¹⁵³ Isaia, E. (2005). Microfund for Women: A Case History of Microcredit in Jordan. *Savings and Development*, 29(4), 441-468. Retrieved from <http://www.jstor.org.proxy.library.emory.edu/stable/25830910>

(JWDS)”; in 1999, it became the Microfund for Women. Its mission is to “provide sustainable financial services to women micro-entrepreneurs in Jordan.”¹⁵⁴

The case begins by examining the history of microfinance in Jordan and the environment for microfinance in the country. It notes that the Jordanian microfinance sector is one of the most successful in the region and the government has identified microfinance as a priority in their strategy for combatting poverty. In examining MFW’s organizational structure and clients, the study notes that the loan officer is the link between MFW and the clients, so MFW’s mostly female client base leads them to look to hire female loan officers. This is especially important for the organization because, often, their clients run their businesses from their homes and the loan officers must visit the clients at their business site.

In terms of financing, MFW received an initial equity investment from USAID and, by 2003, they were financially independent. They financed their portfolio with a \$1,056,000 loan from Citibank Jordan with a 100% USAID guarantee and a \$150,000 loan from Blue Orchard Investments’ Dexia Microcredit Fund¹⁵⁵ with no collateral or guarantee. In 2004, the fund had loans outstanding of \$24.5 million and was serving 71,587 clients¹⁵⁶.

Tamweelcom

Documents Reviewed: Website¹⁵⁷, Tamweelcom social and performance rating reports¹⁵⁸

¹⁵⁴ *Ibid.* p. 449

¹⁵⁵ The Dexia Microcredit Fund is a commercial investment fund designed to refinance microcredit institutions. See <https://www.microcapital.org/know-a-microfinance-fund-dexia-microcredit-fund-dmcf/>

¹⁵⁶ *Ibid.* p. 463

¹⁵⁷ Tamweelcom. <http://www.tamweelcom.org>

¹⁵⁸ Proust, H., & Dardari, B. (2011). Tamweelcom: Social Rating, Tamweelcom: Performace Rating. *MicroRate*.

Overview: Tamweelcom has disbursed 721,510 loans and disbursed 313,507,359 JD; Tamweelcom loans to licensed or non-licensed enterprises as well as start-ups. On their website, where they publish success stories of both male and female entrepreneurs, they remark that these loans have “empowered” 656,443 women. Tamweelcom highlights the assistance they provided to a special needs woman, who sells embroidery on a Facebook online store, as well as several male-run businesses, including a seamstress business, a dental clinic, a medical center with modern medical devices, and a Gypsum designing business. Tamweelcom also offers an insurance program, which provides subsidized insurance services- paid for by the Noor Al-Hussein Foundation, to their loan clients. Tamweelcom has 36 branches across Jordan and was awarded a loan of \$900,000 to finance part of their portfolio from Grameen-Jameel Microfinance¹⁵⁹ after completing a partner training program.

MicroRate, a global risk rating agency for microfinance institutions gave Tamweelcom an A- during its last rating visit in July 2011 citing the institutions “good combination between social results and commitment, very low credit risk and solid organization and financial structure”. In terms of Tamweelcom’s social mission, MicroRate reports that the institution has a good range of services focused on the empowerment of women- noting that women constitute 97% of their clients. In terms of the regulatory environment in Jordan the report comments that “current microfinance regulation in Jordan has room for improvement as microfinance is placed under the authority of different ministries with no contribution of the Central Bank”.¹⁶⁰ In addition to their traditional loans, Tamweelcom funds vocational loans, training programs to increase business performance, and a permanent shop (Souk Ayyadi) that sells clients products to the public.

¹⁵⁹ Grameen- Jameel Microfinance is a non-profit that partners with and provides loans to organizations that provide financial assistance to the poor- especially women. See <http://grameen-jameel.com/about-us/>

¹⁶⁰ Proust, H., & Dardari, Tamweelcom: Social Rating. p. 3

Trends in NGO support to female entrepreneurs

The NGOs supporting female entrepreneurship in Jordan identify a set of wide ranging, but overlapping obstacles to entrepreneurship in Jordan. Among the general development agencies JEDCO identifies the major obstacles for female entrepreneurs as a lack of technical skills and a lack of exposure to entrepreneurship. Both the Jordan Forum for Business and Professional Women and the Business Development Center highlight the necessity for Jordanian entrepreneurs to have the opportunity to interact with business owners across the Middle East and the world. These organizations see acquiring business skills and a business network as major obstacles for female entrepreneurs and areas where they can help them succeed. iPark, the technology business incubator, sees a lack of strategic business skills as the largest obstacle to the success of its incubated businesses, while the Queen Rania Center for Entrepreneurship points to a fear of failure, and a lack of exposure to entrepreneurship as the biggest obstacles the youth in its program face. NGOs focused on economic development and entrepreneurship in poor and rural communities identify a lack of basic business skills as the largest obstacle for female entrepreneurs. Among the microfinance institutions, MicroFund for Women identifies a lack of female autonomy and empowerment among their clients as obstacles to business growth, while Tamweelcom identifies the external environment in Jordan and the difficulty in forming business networks as major obstacles impeding its clients businesses success [Figure 2].

It is clear that many of these NGOs acknowledge that they operate within a wider economic and societal context. They detail Jordan's high unemployment rates for youth and women when explaining their mission and vision. For example, MicroCredit's report on the activities of Tamweelcom, the case study published by MicroFund for Women, the report detailing the activities of the IRADA program, BDCs published news articles, and JEDCO's

reports on female entrepreneurship in Jordan all mention the high levels of female and youth unemployment in the Kingdom when outlining the benefits of supporting female entrepreneurs. However, while these organizations acknowledge high levels of unemployment, they do not connect the external factors effecting unemployment to everyday challenges of female entrepreneurs.

While, the NGOs identify numerous obstacles to female entrepreneurship, they are less comprehensive in analyzing the effects of their programs on creating female entrepreneurship. Notably, Tamweelcom pays for an external analysis of its financing activities, but they have not analyzed their lending programs since 2011. And MicroFund for women published a case study of their own activities, while the Jordanian government conducted a comprehensive analysis of their IRADA program when it reviewed all of its Social and Economic Transformation Programs. However, none of the other NGOs have conducted comprehensive internal analyses of their programs. It is difficult to improve technical skills, business accelerators, and empowerment programs without a collecting feedback from female entrepreneurs, staff, and partner agencies; systematically analyzing the feedback; and publishing a comprehensive study of the strengths and weaknesses of their programs. While, these organizations may conduct internal evaluations of their activities, publishing reports of their analyses would increase the validity of their programs.

Summary

Hypothesis 2: The non-governmental organizations in Jordan providing financing, technical assistance, business incubation, and mentoring to female entrepreneurs failed to address the practicalities of the macroeconomic environment in which female entrepreneurs operate.

The analysis of NGOs supporting female entrepreneurs mostly support hypothesis 2. The NGOs providing support to female entrepreneurs in Jordan acknowledge that the external environment in Jordan creates obstacles for women. However, only JEDCO provides programs that help female entrepreneurs navigate Jordan's financial sector, regulatory environment, and complicated processes for receiving business permits. Both, Tamweelcom and Microfund for women provide capital for female entrepreneurs outside of Jordan's commercial banking system, but they do not provide support systems for their entrepreneurs to purchase real estate, receive business licenses, or navigate complicated trade regulation. All of the NGOs in Jordan could better help female entrepreneurs succeed by providing streamlined processes and programs to help them navigate a complicated external environment, while also lobbying for simplified regulation, and a faster business registration process. Many of these organizations are the closest professional actors to female entrepreneurs; therefore, they have the potential to not only offer valuable support to female entrepreneurs, but to provide data on specific obstacles in Jordan's macroeconomic environment.

Section VI: Summary and Conclusion

Summary of IFI Policies in Jordan

International Financial Institutions' proposed economic liberalization and privatization policies to Jordan during the structural adjustment era; both the World Bank and the International Monetary Fund implemented extensive policy programs in the country along with providing technical assistance to Jordan's financial services and social policy sectors. While these Institutions claimed success in Jordan, internal and external actors have challenged their programs and policies. Most economists consider the stabilization policies implemented by the

IMF to have been largely successful, but social policy makers debate the effects of policies implemented to create long-term economic growth.

In their assessment of the economic environment in Jordan both the IMF and the World Bank acknowledge the country's high unemployment rate and weak private sector. But, they put a much greater emphasis on the Jordanian government's debt reduction and free trade agreements. This leads the International Monetary Fund to focus on the governments' slow implementation of structural reforms and Jordan's weak financial regulation when citing the country's low growth rates. Likewise, the World Bank puts a greater emphasis on implementing programs to increase employment in the country, but identifies weaknesses in education programs as their major program concern.

Both the International Monetary Fund and the World Bank failed to mention the potential effects of their economic policies on women, neither promoted programs specifically targeted towards female employment. While, there is an argument that structural adjustment policies are not appropriately focused directly on female employment initiatives, the economic policies advanced during the structural adjustment era were intended to create a stronger business environment. Low female employment and low female entrepreneurship rates point to gaps in Jordan's economic policies. With fifteen years to implement policies in Jordan, at a time when the economic development community was talking about the importance of women to economic growth, the International Monetary Fund and the World Bank missed an opportunity to greatly expand the economy in Jordan.

Summary of NGO Activity in Jordan

Jordanian NGOs generally acknowledge the array of problems that face potential female entrepreneurs in Jordan. They offer an incredibly diverse set of programs that address concerns

related to female employment from business accelerators, to speaker series, to conferences, to business strategy trainings, to technical trainings on accounting and marketing concepts, to group and individual loans. However, all of the NGOs lack transparency; there are no comprehensive and public reviews of their programs. Furthermore, only one of the NGOs lobbies for government policies in support of female entrepreneurs.

All of the NGOs claim success in helping empower women, helping women start business, and increasing employment in Jordan; however, Jordan's female unemployment rate remains stubbornly high. These NGOs have been operating freely in Jordan since the early 2000s, but they have not made a significant dent in Jordan's macroeconomic indicators. NGOs owe it to their clients to pay attention to the macroeconomic environment. Factors such as the financial crisis, civil unrest in the Middle East, and an influx in refugees into the country affect entrepreneurship in Jordan, but so do simpler factors such as the ability to file paperwork to start a business, access to export markets, the ability to buy and register real estate, and an understanding of the financial requirements to receive bank credit. NGOs can better serve their clients by providing them greater support in tackling the external factors that affect their ability to start and grow their businesses

Comparison of IFI and NGO Activity and Policies in Jordan

Both International Financial Institutions and NGOs in Jordan can advance policies that better support female entrepreneurship in Jordan. Giving female entrepreneurs the tools and the policy environment in which to create innovative, growth oriented businesses will create economic growth and increase employment. In a country with few natural resources and a highly educated population export businesses increase GDP and reduce Jordan's trade deficit.

In the 1990s the World Bank and International Monetary Fund implemented market oriented economic reforms in Jordan. These reforms had the potential to improve the business environment for female entrepreneurs, but they failed to consider the policies effect on women and failed to prove effective at reducing unemployment and generating long-term economic growth. Likewise, NGOs supporting female entrepreneurs began operating in Jordan as economic reforms were implemented. However, these NGOs never considered the effect of economic reforms on their programs. NGOs supporting business creation should have considered the complete set of steps required to open a growth oriented business.

Both the IFIs and NGOs advance narratives about the success of their programs and the positive outlook for economic development in Jordan. A better narrative would involve a discussion of the major macroeconomic obstacles in Jordan and an analysis of female entrepreneurs' accounts of the steps they took to start their businesses.

Conclusion

In 2017, the World Bank provided Jordan with a \$50 million loan to fund startups in order to create SMEs with high growth potential. In the reasons for the implementation of this program, the World Bank report states “rising unemployment is a key challenge and private sector led job creation is a priority of the on-going fiscal consolidation program resulting in a change in the government as the main or sole source of employment”.¹⁶¹ Twenty eight years after Jordan's debt crisis and the beginning of the implementation of structural adjustment policies in Jordan, International Financial Institutions continue to talk about increasing employment through creating a better economic environment for business creation. Female unemployment still sits at

¹⁶¹ Jordan Innovative Startups Fund Project (Rep. No. PAD2308). (June, 2017). The World Bank. Retrieved From <http://documents.worldbank.org/curated/en/264161498500277234/pdf/Project-Appraisal-Documents-PAD-P161905-June-5-06062017.pdf> (p.3)

23.9% compared to male unemployment which is 13.2%, while Jordan's most educated females continue to be more likely to be unemployed than less educated females.

With dozens of organizations directly providing training programs, mentorship and incubation for female entrepreneurs it can be argued that Jordan's high female unemployment rate is not for lack of effort nor educational resources. The organizations that support entrepreneurship in Jordan publish success stories on their websites showing the smiling faces of men and women running startups providing web design, handicrafts, and online stores offering virtual music lessons. In a country without an abundance of resources, in which SMEs make up 99% of Jordan's private firms and employ 77% of the workforce it is necessary to support entrepreneurship.¹⁶² However, supporting entrepreneurship requires NGOs to collaborate directly with clients looking to start businesses, and to communicate the best way for them to be successful within Jordan's larger macroeconomic environment. While supporting entrepreneurship requires International Financial Institutions and the Jordanian Government to consider ways to promote macroeconomic policy that benefits the country's future startups and current SMEs.

In the short term NGOs should consider adding services to help aspiring entrepreneurs more efficiently register their businesses, and deal with uncertainties in Jordan's business environment, while International Financial Institutions should solicit the knowledge of engaged NGO staff. The loan officers at microfinance institutions and the technical skills trainers at development organizations have the most one-on-one contact with the final recipients of aid money and the actual drivers of economic growth, the entrepreneurs; therefore, they can provide invaluable input into the greatest day-to-day struggles of the entrepreneurs.

¹⁶² Schiff, Adam, Nicholas Schmidt, and Javi Troncoso. *Entrepreneurship Environment Assessment in Jordan*.

The World Bank report contends that startup creation is low due to barriers in the business environment and trouble gaining access to financing; “for every 10,000 working persons, only seven new limited liability companies are created annually in Jordan compared to an average of twenty six new firms among all developing countries worldwide”.¹⁶³ Likewise, many new firms in Jordan relocate to Dubai, which has positioned itself as a leader in startup financing, and networks. It is essential that World Bank loans funding investments in Jordanian startups also seek to improve the policy environment in the country.

There are Jordanian NGOs that provide training to startup entrepreneurs to help them successfully pitch a business to potential investors as well as NGOs that provide small loans to help rural women begin selling handicrafts, but these NGO services can only go so far when “challenges in the environment are constraining investment and the ability of the private sector to grow”.¹⁶⁴ IFI economic policy reform has the potential to greatly benefit Jordanian NGOs’ female clients. And economic growth has the potential to greatly improve the Jordanian economy and its citizens’ quality of life. A recent study by McKinsey found that if women were employees at the same rate as men in the Middle East, they would contribute \$2.7 trillion to regional GDP by 2025 and women’s full employment in the region could increase household income by 25%¹⁶⁵. Coordination between Jordanian NGOs supporting female entrepreneurship and International Financial Institutions is key to advancing economic policies to make these statistics a reality.

¹⁶³ Jordan Innovative Startups Fund Project, p. 4

¹⁶⁴ *Ibid.* p. 4

¹⁶⁵ Woetzel, J., Madgavkar, A., Ellingrud, K., Labaye, E., Devillard, S., Kutcher, E., . . . Krishnan, M. (2015, September). How advancing women's equality can add \$12 trillion to global growth. Retrieved from <https://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth> (p.5)

Figure 1: Summary of NGO Categorization

General Development Agencies	Older organizations that have evolved over time	Target a wider range of Jordanian women and offer a wider variety of services	Often take-on a facilitation and connection role
Institutions Supporting Technology Entrepreneurship	Newer organizations	Support students and well-educated professionals	Developed alongside a growing venture capital industry
Support Services for Poor and Rural Women	Semi-governmental	Focus on female empowerment among semi-urban and rural women	Operate satellite offices in the country's small towns
Microfinance Institutions	Professional structures	Conduct more frequent internal evaluation (at least of their financial metrics)	Operate within a global industry (can follow best practices developed in other countries)

Figure 1 depicts the generalized descriptions used to separate Jordanian NGOs into the 4 categories: General Development Agencies, Institutions Supporting Technology Entrepreneurs, Support Services for Poor and Rural Women, Microfinance Institutions.

Figure 2: Summary of NGO Analysis

Organizations:	Year Founded	Internal Report (paid for or conducted by NGO)	Programs that explain Jordan's Regulatory Environment	Obstacles reported	Target Demographic	Women and Men/ Only Women	Website in Arabic/English/ Both
JEDCO	2003	NO	YES	lack of technical skills and exposure to entrepreneurship	urban professional	women and men	both
Jordan Federation For Business and Professional Women	1976	NO	NO	lack of interaction with other female entrepreneurs	urban professional	only women	both
Business Development Center	2004	NO	NO	lack of interaction with other female entrepreneurs	urban professional	women and men	english
iPark	2003	NO	NO	lack of strategic business skills	urban professional	women and men	english
Queen Rania Center for Entrepreneurship	2004	NO	NO	fear of failure and lack of exposure to entrepreneurship	students	women and men	both
WAGE: Women Business Development Incubator- Irbid	2002	NO	NO	lack of basic business skills	rural poor	only women	both
WAGE: Aqaba Micro Business Incubator	2008	NO	NO	lack of basic business skills	urban poor	only women	no website
IRADA	2002	YES	NO	lack of basic business skills	rural poor	women and men	both
Microfund for Women	1996	YES	NO	lack of female autonomy and empowerment	urban/rural poor	women and men/ initially only women	both
Tamweelcom	1999	YES	NO	external environment in Jordan and difficulty forming business networks	urban/rural poor	women and men	both

Figure 2 depicts a summary of the 9 NGOs (WAGE: Women and Girls Empowerment Initiative is split into its two main projects- Women Business Development Incubator- Irbid and Aqaba Microbusiness Incubator) which includes: year founded, internal report (yes/no), programs that explain Jordan's regulatory environment (yes/no), major obstacles to women's entrepreneurship as reported by the NGO, target demographic (urban professional, rural poor, students), if the NGO supports women and men, and the language the NGO website is published in (Arabic/English/both).

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