

New Report: The Impact of COVID-19 on Small Businesses in Jordan

December 9, 2020



Building Markets

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PREFACE AND ACKNOWLEDGEMENTS

This report was developed by Building Markets. It was researched and written by Chelsea McKeivitt, Development and Impact Manager, with support from Zonglong Chen and Robia Islam (Research Interns), and guidance from Jennifer P. Holt, Chief Executive Officer. Data collection in Jordan, including business surveys and interviews with local stakeholders, was carried out between June and November 2020 by Building Markets consultants, Rasha Alhussaini and Khalil Hamideh.

This report, which focuses on Jordan, is the first of a three-part series that analyzes the effects of COVID-19 on small and medium-sized enterprises (SMEs) in countries where Building Markets is currently active. Reports on Turkey (December 2020) and Myanmar (Q1 2021) will follow.

Preceding this report, Building Markets collected baseline data on more than 330 Jordanian, refugee, and migrant-owned SMEs between September 2018 – February 2019. This included individual in-person surveys composed of approximately 150 questions, which were conducted by Building Markets staff. The purpose of the research was to provide an overview of the Jordan market and to identify opportunities to enable and accelerate the growth of local SMEs, including refugee and migrant-owned firms. Survey responses in this report have been compared to that baseline survey data. Building Markets gratefully acknowledges Open Society Foundations for making that research possible through their generous support.¹

Building Markets creates jobs and encourages economic growth by finding, building and connecting competitive local SMEs to supply chains, investment, and growth opportunities. Since 2006, the organization has scaled its model to eight diverse markets where it has supported over 25,000 SMEs, assisted them in winning USD \$1.3bn in contracts, \$21m in loans, and helped create more than 70,000 full-time equivalent jobs. Building Markets is headquartered in New York City.

Photographs in this report were taken by Lenzit in 2018-19, a Syrian-owned company in Jordan. In cases where businesses were not available for photography, they made images available for Building Markets use.

Any questions or comments on this report can be directed to: newyork@buildingmarkets.org

¹ https://buildingmarkets.org/sites/default/files/pdm_reports/building_markets_another_side_jordan_web_file_updated_190728.pdf and https://buildingmarkets.org/sites/default/files/pdm_reports/arabic_another_side_web.pdf

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EXECUTIVE SUMMARY

Small and medium-sized enterprises (SMEs) are the backbone of any economy. Worldwide, they make up approximately 90% of all businesses and provide more than 50% of all employment.² As engines of growth and job creation, they will be vital to ensuring that markets can bounce back from the economic slowdown caused by COVID-19. Yet, many SMEs are being disproportionately affected without the relief and support that can sustain them.

Between June and August 2020, Building Markets conducted a randomized survey of its business network in Jordan to analyze the impact of COVID-19 on the country's SMEs. Data from 169 businesses was compared to baseline data collected by the organization before the pandemic began, providing unique insights into how SMEs were managing once the country-wide lockdown had largely been lifted.

In contrast to studies conducted during the country's lockdown that showed widespread closures,³ Building Markets found that almost all businesses in its network had re-opened by the summer of 2020. However, most SMEs reported significant decreases in demand and revenue after months of being non-operational and many were in urgent need of capital.

At the same time, Jordan's small businesses are demonstrating incredible resilience and determination to survive. Certain sectors quickly adapted to the shifting demands presented by COVID-19, including factories that converted their production lines to manufacturing masks and disinfectants. Other SMEs have responded to new demand for locally produced products, including food and other essentials, and IT services.

As the second wave of the pandemic has hit, Jordan's economy is likely to face new hardships and challenges. This makes it crucial that targeted support is provided that can ensure the short and long-term survival of the country's SMEs.

Key Recommendations:

1. Many SMEs in Jordan have spent their savings to cover operational and living costs, leaving them cash constrained and vulnerable. Flexible, accessible financial support, such as subsidies, grants, deferrals of tax payments, and other forms of immediate relief funding are required.
2. There is a lack of local service providers that can meet the specialized and tailored training needs of Jordan's SMEs. This includes, for example, supporting their digital transformation, sales and marketing, financial management, and procurement support.
3. Though many SMEs are suffering, essential businesses, such as the manufacturing, wholesale, IT, and retail of food, beverage, medical and pharmaceutical products, have seen a boost in sales. These businesses are in need of advisory and investment to expand.
4. While face-to-face business and traditional communication is likely to remain difficult in the coming months, SMEs require easy access to information relevant to their businesses and sectors. Establishing online platforms and forums that can facilitate B2B connections and business opportunities could lead to new partnerships and opportunities.
5. Government reforms are also necessary to ease procedures for businesses, including changes to import regulations and customs and tax systems.

² See <https://www.worldbank.org/en/topic/sme/finance>

³ See section 3.1 for overview of existing literature on the effects of COVID-19 on SMEs in Jordan

I. INTRODUCTION

On January 30, 2020, the World Health Organization (WHO) declared the novel coronavirus to be a “public health emergency of international concern.”⁴ With less than 8,000 global cases, most of which were in China, states took few precautions. Less than six weeks later, on March 11, 2020, the virus was categorized as a pandemic with more than 118,000 cases in 114 countries. In his remarks that day, the WHO Director General stated, “We have never before seen a pandemic sparked by a coronavirus... And we have never before seen a pandemic that can be controlled, at the same time.”⁵ Four days later, the Dow Jones fell by nearly 3,000 points – the largest single-day drop ever recorded.⁶

The efforts to contain COVID-19 and the effects from these responses did not occur in a vacuum, but alongside already existing structural problems in the global economy and ongoing crises worldwide. According to the World Bank, most countries (nearly 93%) will experience an economic recession in 2020, “with per capita income contracting in the largest fraction of countries globally since 1870.”⁷ This affects every region globally, both developed and developing economies, with the former expected to shrink by 7%.

In Jordan, for the first time in decades, the economy is forecasted to shrink.⁸ Prior to the pandemic, 10% of the country's GDP came from a reliance on international trade, tourism, remittances, and foreign direct investment – all of which have been hit hard by COVID-19. In addition, with the second largest refugee population in the world (per capita), Jordan already struggled with a high unemployment rate and its infrastructure was strained, which may have only been exacerbated by the pandemic.⁹ While the government was quick in responding to COVID-19 by restricting mobility and offering financial support to workers, the country's SMEs are struggling to recover. The International Trade Center summarizes the impact of COVID-19 on businesses in four key phases:

1. **Shutdown Impacts:** government-mandated mobility restrictions and requirements for certain businesses to temporarily close heavily effected SMEs in tourism, travel, wholesale and retail, hospitality and entertainment.
2. **Supply chain disruption:** closed borders and lockdowns have had a global, cascading effect on supply chains in production, imports, and exports. SMEs in supply-affected countries see less orders due to decreases in demand.
3. **Demand depression:** containment measures and low economic activity have resulted in a decline in sales to consumers and businesses. Even when health restrictions begin to subside, there will be low business investment because of low savings and households will be likely to reduce spending due to lower incomes during the pandemic.
4. **Recovery phase:** restrictions ease, COVID-19 cases are reduced, and businesses begin to re-open. In order for businesses to be in a position to adjust to these shifts in demand and modes of working, they will need to survive the recovery phase.

This report contributes to the literature on the effects of COVID-19 on SMEs by focusing on businesses during the recovery phase of the first wave of the virus. In contrast to most studies published to date, which focus on the demand depression

⁴ WHO Timeline COVID-19. World Health Organization (WHO). April 2020. <https://www.who.int/news/item/27-04-2020-who-timeline---covid-19>

⁵ WHO Director-General's opening remarks at the media briefing on COVID-19. World Health Organization (WHO). March 2020. <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

⁶ Impact of the coronavirus pandemic on the global economy - Statistics & Facts. Statista. September 2020. <https://www.statista.com/topics/6139/covid-19-impact-on-the-global-economy/>

⁷ The Global Economic Outlook During the COVID-19 Pandemic: A Changed World. World Bank. June 2020.

<https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

⁸ Inside Jordan's Fight to Tackle COVID-19. IMF. July 2020. <https://www.imf.org/en/News/Articles/2020/07/16/na071620-inside-jordans-fight-to-tackle-covid19>

⁹ “Another Side to the Story, Jordan” Building Markets, June 2019.

https://buildingmarkets.org/sites/default/files/pdm_reports/building_markets_another_side_jordan_web_file_updated_190728.pdf

phase, this study is based on data collected when over 90% of all SMEs in the sample reported being open. However, a second or third wave of the virus has the potential to restart this cycle of economic challenges.

2. METHODOLOGY

In May 2020, Building Markets collaborated with researchers at *Institut d'Etudes Politiques de Paris* (Sciences Po) and Columbia University to investigate the effects of COVID-19 on SMEs in Building Markets' networks in Myanmar, Jordan, and Turkey. Because most businesses had only recently re-opened at the time of surveying, and the resurgence of the virus was still possible, their responses and status reflect only short-term effects.

The SME survey used in this research was composed of qualitative and quantitative questions derived from the organization's verification survey instrument. This tool is used as a first point of contact with all businesses Building Markets works with to understand their capabilities and growth constraints. Typically, they are re-verified at 6 month to 1 year intervals to measure business changes and the organization's impact. For this research, additional questions were pulled from the IGC – Innovations for Poverty Action open source COVID-19 Economic Impact survey¹⁰, and others were designed in partnership with Building Markets' academic collaborators.¹¹

Telephone surveys were completed by Building Markets staff members, and where appropriate, the survey was translated to the local language. To ensure the survey sample was representative of Building Markets' network of SMEs, enumerators were provided a call list of businesses in a randomized order. In total, 1,031 SMEs were contacted. Of these, 786 were successfully reached and 608 gave consent for and completed the full survey (169 in Jordan).

Table 1 - Breakdown of Survey Sample and Outreach in all Three Countries

Country	SMEs in Sample	Calls Made	SMEs Reached	SMEs Surveyed
Myanmar	886	296	182	91
Jordan	309	300	241	169
Turkey	1,984	435	363	348

The response rate in each country was directly related to the length of time that had passed since Building Markets most recent contact with a business. In total, only 2.24% of SMEs reported being closed at the time of survey. Of these, 0% reported a permanent closure, 1.64% reported a temporary closure for reasons unrelated to COVID-19, and 0.60% reported a temporary closure for reasons related to COVID-19.

In Jordan, 68 businesses were unable to be contacted. It is very likely that at least some of these SMEs had closed, although it is unclear if this closure was related to COVID-19. Enumerators had anywhere between 1 and 6 different phone numbers associated with each business and were instructed to try all numbers several times. Inability to contact a business could also indicate that the phone number on file was no longer active, a common issue in all markets. Businesses that could not be contacted or did not consent to the survey were not concentrated in any particular location or sector (see Annex 3).

In addition to businesses, a qualitative survey was conducted with local stakeholders, which can be found in Annex 2.

¹⁰ Introducing the IPA-IGC COVID-19 Economic Impact Surveys. Innovations for Poverty Action. June 2020. <https://www.poverty-action.org/blog/introducing-ipa-igc-covid-19-economic-impact-surveys>

¹¹ For a full list of questions, see Annex 1. For a full list of stakeholder questions, see Annex 2.

3. BACKGROUND AND CONTEXT

Relative to other countries in the world, the Jordanian government reacted to COVID-19 quickly. In late January 2020, Jordan's Epidemic Committee implemented a series of policy measures to address the pandemic. This rapid response – more than one month before a single case was reported – is likely responsible for limiting spread of the virus. Less than two weeks after the first case was identified, a significant lockdown closed schools, shut the border, and enforced a strict quarantine for those who had recently travelled.¹² A full curfew was in effect for less than a week in late March that required people to stay in their homes, with a less restrictive curfew lasting until May 2020.¹³ Between March – August 2020, Jordan recorded only 2,034 confirmed cases of COVID-19.¹⁴

In addition to the public health threat, COVID-19 poses a risk to Jordan's economy and social cohesion. With nearly 1.5 million refugees living in Jordan's urban cities and a pre-pandemic unemployment rate of over 18%, tensions over finite resources and job opportunities already placed the country in a precarious position.¹⁵ Notably, COVID-19 support from the government was designed for Jordanians and non-Jordanians, including migrants and refugees, working in the formal sector.

Using emergency military law, the government was able to quickly pass Defense Orders to protect its economy:

Defense Order No. 1: In March, Prime Minister Omar Razzaz implemented a law to delay and alter aspects of the social security law. Particularly, this allowed businesses to delay social security payments for three months while being able to maintain coverage for maternity, unemployment, death, and health. Furthermore, a social protection team was headed by the Minister of Social Development. This was done to protect vulnerable households through emergency cash and relief aid.

Defense Order No. 6: In April, the Prime Minister instituted this to support and secure employment and wages for workers in the private sector and to lessen the impact of the pandemic measures. This policy ensures the rights of employers and employees and aims to guide the process for return to the workforce.

Defense Order No. 9: This policy was enacted in April to outline programs and measures designed to protect businesses, freelance and daily wage workers. Several programs were introduced to support businesses.

Defense Order No. 13: Valued at 30 million JOD, this order liquidates financial guarantees for businesses in the travel and tourism industry.

Defense Order No. 14: This policy is also aimed at supporting the tourism industry and bans laying off workers in these businesses.

Based on a study conducted by UNICEF,¹⁶ there are pre-existing government funds which target and provide economic support to vulnerable populations (e.g. refugees). The National Aid Fund, which launched the first phase of its fund in 2018 and is considered Jordan's largest social protection program, implemented a project called the Takmeely Support Program (Takaful). The objective of the program has been to double the number of beneficiaries, receiving cash assistance. In addition to targeting the working poor who are primarily employed in the informal sector, the Fund also provides direct assistance to

¹² How Jordan is flattening its COVID-19 curve. Al Jazeera. April 2020. <https://www.aljazeera.com/news/2020/04/22/how-jordan-is-flattening-its-covid-19-curve/>

¹³ Impact of the COVID-19 pandemic on enterprises in Jordan. ILO and UNDP. June 2020. https://www.ilo.org/wcmsp5/groups/public/---arabstates/--ro-beirut/documents/publication/wcms_749136.pdf

¹⁴ Jordan Country Profile. WHO. <https://www.who.int/countries/jor/>

¹⁵ "Another Side to the Story, Jordan" Building Markets, June 2019.

https://buildingmarkets.org/sites/default/files/pdm_reports/building_markets_another_side_jordan_web_file_updated_190728.pdf

¹⁶ Jordan's National Social Protection Response During COVID-19. UNICEF. August 2020.

<https://www.unicef.org/jordan/media/3921/file/Jordan's%20National%20SP%20Response%20During%20COVID-%20UNICEF%20%20JSF.pdf>

non-Jordanians including non-Jordanian children of Jordanian mothers and refugees from Gaza. The program has been able to successfully pilot cash assistance delivery through e-wallets and bank accounts.¹⁷

At the beginning of April, factories in industrial zones were the first businesses allowed to resume operations. In May, many companies re-opened, but were prohibited from lowering or delaying wages. Certain hard-hit sectors were given temporary exemptions from this mandate and extra resources were created to ensure workers continued receiving at least partial pay.¹⁸

3.1 Existing Literature on Effects of COVID-19 on SMEs

Several significant studies have been conducted in Jordan to assess the effects of COVID-19 on SMEs. They have focused on the effects of the shutdown impact phase, supply chain disruption phase, and demand depression phase, as defined by the International Trade Center (see Section 1). At the start of the pandemic in March 2020, Mercy Corps¹⁹ assessed the impact of the pandemic on entrepreneurs and businesses working in agriculture, citing disparities between types of business, anxiety over long- and short-term impacts, and the developing of partnerships to leverage B2B networks. Businesses that were quicker to adapt to digital modes of working saw an improvement in their sales. Many businesses in the food service industry faced sale loss, while other businesses experienced delays in sales.

In April, a less restrictive curfew was in effect and businesses started to re-open, with factories in industrial zones returning to work first. Two separate studies were conducted at this time by Ipsos²⁰ and the ILO²¹ to assess the impact of the pandemic. Ipsos found that as businesses reopened, financial concerns persisted. Lockdown measures caused a huge loss of revenues that made it difficult for businesses to meet financial obligations (e.g. paying rent or payroll). In order to counter the negative impacts presented by the virus, businesses were using other measures to ensure liquidity, such as deferring payments or using external financing, and were delaying cash outflows, such as reducing salaries or inducing layoffs.

Ipsos also noted insufficient government support. Many businesses praised the government for containing the spread of the virus and to a lesser extent, felt that the government had done a good job in minimizing the negative impact on the economy through its Defense Orders. Although policies have been put in place to counter the negative impacts of the crisis and to regenerate the economy as a whole, critics noted that there has not been enough business-specific support available. In particular, Ipsos found that 93% of businesses are aware of Defense Order Number 6, however only 4% say that it solves all challenges with a vast majority saying that it resolves a few challenges (40%) or none at all (40%). Feedback also indicated that the policy is tailored towards the financial well-being of employees and less about employers/businesses.

In addition, Ipsos reported a high expectation for the government to offer instant relief measures. Businesses surveyed expected the government to increase spending to stimulate the economy as well as offer direct support to businesses by working with stakeholders to defer rent and loan payments. Ipsos identified the following as the most common needs: tax relief measures (72%), payment deferral and loans (68%), general government intervention such as increased spending, removing of import restrictions (66%), rent relief measures (62%), and employee related measures (19%).

¹⁷ Program is financially supported from multilateral organization such as the World Bank, UNHCR, WFP, and UNICEF.

¹⁸ Policy Responses to COVID-19. IMF. Updated on November 2020. <https://www.imf.org/en/Topics/imf-and-COVID-19/Policy-Responses-to-COVID-19#>

¹⁹ Rapid Assessment of Small Businesses & Entrepreneurs in Jordan. Mercy Corps. March 2020. https://www.mercycorps.org/sites/default/files/2020-05/MercyCorps_RapidAssessment_SmallBusinesses_Entrepreneurs_MAR2020.pdf

²⁰ Study of 290 SMEs in Jordan with data collected from April 10th to April 27th, 2020. Assessment of the Impact of the COVID-19 Crisis on SMEs. Ipsos. May 2020. https://www.ipsos.com/sites/default/files/ct/news/documents/2020-05/ipsos_-_c19_impact_series_-_smes_edition_-_pr_-_en_0.pdf

²¹ Covers a sample of 1,190 businesses with data collected between April 14 and April 20, 2020. Impact of the COVID-19 pandemic on enterprises in Jordan. ILO and UNDP. June 2020. https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_749136.pdf

The second study, published by ILO and UNDP, echoes the challenges of limited cashflow, reduced demand, and supply chain disruptions. This study reports temporary closures of more than half of business (51%). Only 7% were operating as usual, 39% were operating with reduced staff, and 40% had stopped making payments to social security through the support of the government policy (Defense Order 1). About a quarter of businesses said they would be able to stay operational for less than a month (26%), 1-3 months (30%), 4-6 months (5%), and more than 6 months (13%). Less than half anticipated they would be able to pay their employees for the next month under existing conditions.

By the end of April, business had not returned to normal. Government restrictions on business and mobility and supply chain disruptions seemed to be the biggest cause of many challenges firms were facing.

4. FINDINGS - ANALYSIS OF JORDAN'S RECOVERY PHASE

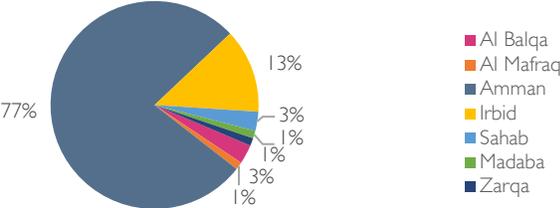
By June of 2020, Jordan's economy had moved into the recovery phase of COVID-19 impact, defined by the International Trade Center as the easing of restrictions, re-opening of businesses, and reduction of new COVID-19 cases. While social distancing measures were still in effect, all economic sectors in Jordan (including cafes, domestic travel, tourism, and sporting events) were allowed to recommence business in early June.

SME Network

Building Markets' network in Jordan is composed of 335 SMEs owned by Jordanians, migrants and refugees from countries including Syria, Egypt, and Palestine. Of these, 169 were surveyed for this study. All businesses were formally registered with the relevant government entity, which is a qualification to be verified, at the time of their initial interview.

In the sample, 26.5% of SMEs reported having at least one owner that is a migrant or refugee. Owners with this status are most common in the construction sector (with an average of 2.67 owners per SME holding refugee or migrant status).

Figure 1 - Cities Represented in Survey Sample



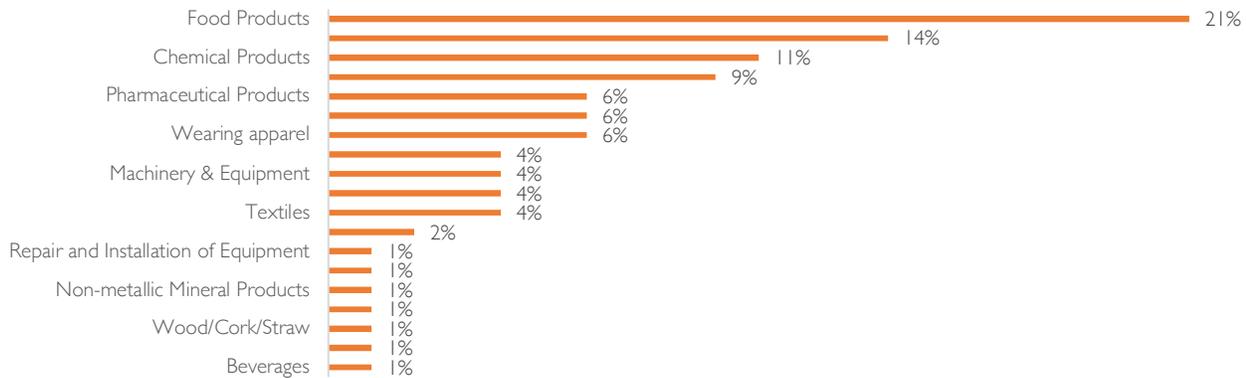
In the survey sample, 77.4% of businesses were based in Amman, and 13.1% were based in Irbid, with all other cities accounting for less than 3% each.

More than half (54%) of the SMEs are in the manufacturing sector. Following this, the five largest sectors represented were wholesale/retail/vehicle repair (11%); information/communication (9%); accommodation/food service (5%); construction (4%); and professional/scientific/technical (4%). The concentration of businesses in Amman and in manufacturing represents Building Markets' broader, and already established, network in the country and does not suggest that businesses in Amman or the manufacturing sector were more likely to respond to the survey or survive the initial phase of COVID-19 (See Annex 3).

How manufacturing businesses are affected by COVID-19 depends heavily on their subsector and the goods they produce – with those selling “essential” goods that also have access to necessary raw materials being the most likely to remain

profitable. Products manufactured by SMEs in the sample range from chemical and pharmaceutical goods to food and textiles:

Figure 2 - What SMEs Manufacture (n=91)



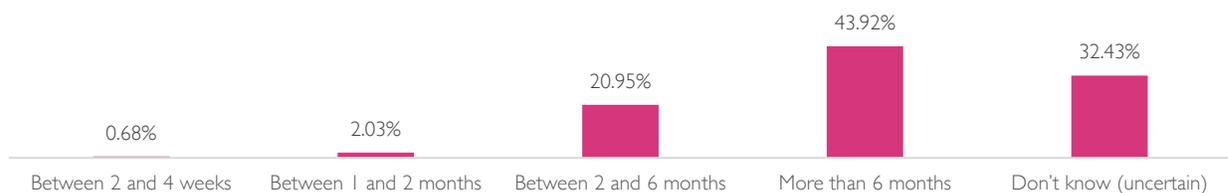
Businesses in the sample also vary in size, with 23.8% having fewer than five employees and 13.6% having more than 50 full-time or part-time staff as of February 2020.

Closure and Survival

By August 2020, 94% of businesses²² were open. Of the eight businesses that were closed, only three attributed this to COVID-19. This suggests a significant shift from April, when other studies found that just over half of businesses had temporarily ceased operations.

Of those that had re-opened, many were only confident in their short-term survival, with only 44% projecting they would be able to operate for more than six months and 23% anticipating they would be operating for less than six months.

Figure 3 - How Long SMEs Believe They Can Stay Open Under Current Conditions



The medium- and long-term survival of SMEs is at risk. In the most common sector in the sample, manufacturing, 21.2% expected their business to continue operating for less than 6 months, and 30% were uncertain of how much longer they could carry on. The second most common business sector in the sample – wholesale and retail (11.2% of SMEs) – was also uncertain of long-term survival with 16.7% expecting to continue operating for less than six months, and 50% unable to make a projection. Like those in the manufacturing sector, wholesale/retail businesses also differ in their experience of COVID-19 and related restrictions based on the goods they sell. Ten per cent of businesses in the sample (16 SMEs) reported selling products that respond to COVID-19, such as personal protective equipment, hand sanitizer, etc.

²² of SMEs in our sample of 169.

Certain sectors were well-positioned and/or quickly adapted to the shifting demand of COVID-19. For example, some factories were able to convert their production lines to manufacturing masks. In one stakeholder interview a business remarked, “due to the of reduced demand in clothes, 21 apparel factories began producing masks, and they have obtained the approval of the Food and Drug Administration to produce them, taking advantage of the great demand for masks, and therefore Jordan has become self-sufficient in masks, and it has also started exporting... All these supplies that Jordan used to import from abroad are now locally manufactured.”²³

When asked about the permanent closing of businesses, the consensus among government, nonprofit, and private sector stakeholders was that there is limited information about which companies are closing. However, there is general consensus that there may have been permanent closures, particularly in the tourism and entertainment industries.

After months of limited or no operations, it is likely that cashflow was so low for some SMEs that they re-opened when possible because it was the only option for financial recovery. However, given the continued decrease demand, it is not clear if businesses will be able to recuperate the losses experienced from the pandemic.

MEET SALES MANAGER

ADEL ABDEEN

NATIONAL STATIONARY INDUSTRIES CO (MASTER)



National Stationery Industries Company (Master) opened in 1996 in Amman to meet the increasing need for stationary products for schools, offices, and businesses. Master’s competitive advantage is their ability to customize and personalize any product within their production lines with high quality, designs, colors, textures, and sizes.

The pandemic hit Master’s business hard, including decreasing sales by 20% (compared to last year). While coping with this constraint and shutdown, they were still paying salaries as a matter of social responsibility for their employees. Master’s faced a significant lack of liquidity so were forced to take a loan from the Central Bank of Jordan.

When asked how Master was adapting, Mr. Abdeen shared that cashflow shortages for them and for many of their customers led the company to change their payment policy. In addition, they are in the midst of reviewing and amending their company structure. Mr. Abdeen said, “this is an important step for us and includes completely adjusting our website to make it more suitable for the current conditions, and new items/products will be added to start selling online.”

“The industry in general, and our industry in particular, needs a lot of support in the form of long-term loans with very low interest in order to overcome this crisis.”

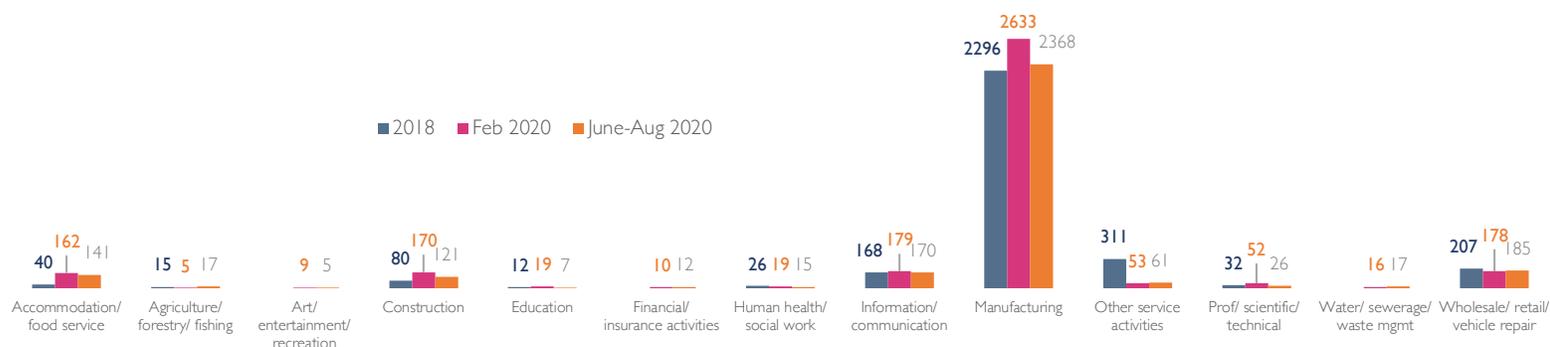
Employment

Between their initial survey in 2018 and the COVID-19 survey in the summer of 2020, most sectors did not experience large changes in the number of people they employ. This is likely related to Defense Order number 6. SMEs in construction, manufacturing, and food service accommodation saw spikes in employment between 2018 and February 2020. While these sectors were negatively affected by COVID-19, their current employment numbers are still relatively higher than they were in

²³ Stakeholder Interview, 09/02/2020.

2018. This presents an opportunity to maintain the growth of these sectors if businesses can sustain these employment numbers once government support ends and recovery begins.

Figure 4 - Number of Full-time Employees by Sector (over time)



Given wage support from the government to help keep people employed,²⁴ temporary and permanent layoffs for formal workers should be minimal. The survey results confirm this, with most sectors reporting zero employees experiencing layoffs, either temporary or permanently, in the past 30 days.

Table 2 - Average Number of Employees Experiencing Wage Disruption by Sector (past 30 days)

Sector	Temporary Layoff (without pay)	Reduction or delays in wage payment	Permanent layoff (without pay)
Accommodation and food service	0.33	7.11	0
Agriculture, forestry and fishing	0	0	0
Arts, entertainment and recreation	0	0	0
Construction	1	6.43	0
Education	0	0.33	0
Financial and insurance activities	0	0	0
Human health and social work	0	0	0
Information and communication	0	2.73	0
Manufacturing	0.54	0.20	1.12
Other service activities	0	1.67	0
Prof/scientific/technical activity	0	1.00	0
Water, sewerage, waste management	0	0	0
Wholesale/retail; vehicle repair	0	0.33	0.06

While formal workers may not be losing their jobs, their wages may still be reduced. Sectors with the highest average number of employees experiencing reduced earnings or delayed wage payments were accommodation/food service and construction. On average, seven workers in each accommodation/food service SME and six workers in each construction SME experienced reduced or delayed earnings in the previous 30 days at the time of the survey. However, this effect is not limited to “nonessential” businesses – on average, 2.7 employees in each information/communications SME also experienced wage reductions or delayed pay.

²⁴ While the government support includes formal migrant workers, it excludes all informal workers and does not account for daily wage laborers, which are employed in high numbers in sectors such as construction.

Nearly half (49%) of SMEs reported having at least one employee that is a refugee or migrant, and 19% reported having at least one manager that is a refugee or migrant. Compared to 2018, businesses now have more employees that are refugees and fewer employees that are migrants.

Figure 5 - Total Refugee and Migrant Employment in Sample (over time)

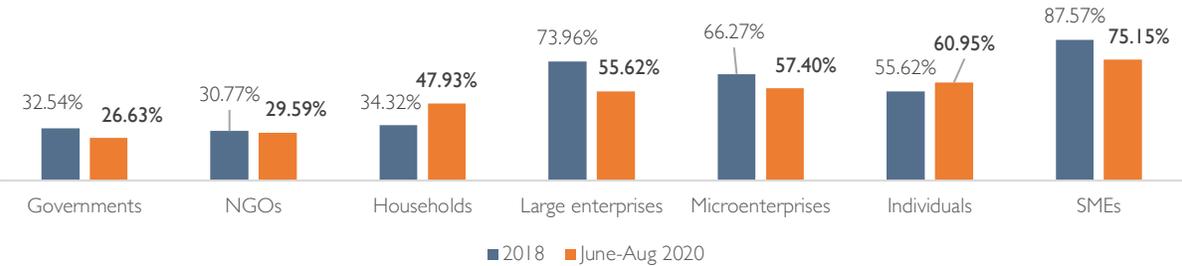


Over the previous month, 12% of SMEs reported that they experienced challenges with labor shortages due to mobility restrictions imposed by the government. Less than 1% reported labor shortages for other reasons (such as workers or their families being sick) and 1.18% had difficulty tending to their own business due to child/family care requirements. When asked about the next six months, most businesses forecasted that their number of employees would remain the same. However, 16.6% expected a decrease, and 17.2% expected an increase. Those expecting an increase in staff members were more “essential” in the context of the pandemic, including manufacturing of food and chemicals, healthcare, and IT companies.

Demand

Businesses surveyed for this study sell their products and services to both individuals and other businesses. When asked to select all types of clients, the least common response was government (26.6%) and NGOs (29.6%). Since 2018, B2B commerce has become less common, with fewer SMEs citing micro enterprises, other SMEs, and large enterprises as types of buyers.

Figure 6 - Types of Buyers Selected (over time)



39.1% of SMEs reported having customers that are refugees or migrants and 4.1% reported having distributors that are refugees or migrants. This represents an overall decrease from 2018, when 51.5% of these SMEs reported customers that are refugees or migrants and 10.7% had distributors that are refugees or migrants.

Nearly two-thirds (64%) of businesses experienced a decrease in demand in the past sixty days. This decrease was due to reasons indirectly related to COVID-19 (such as cancelled orders and customers can no longer afford to purchase) and direct reasons related to the mobility restrictions imposed by the government. Generally, demand increased for food items

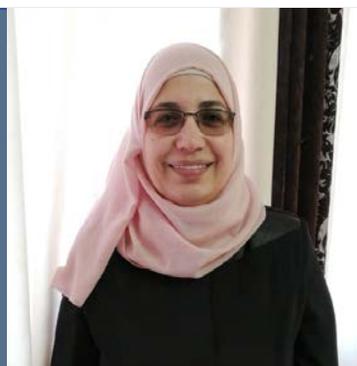
and pharmaceutical and health products (masks, sanitizers, etc.), while there was no demand for clothing or other luxury products. Consumers are generally spending on basic necessities more than luxury items.

During stakeholder interviews, the overall consensus was that COVID-19's effect on local procurement and purchasing is sector specific and dependent on demand for specific goods. The demand for essential goods, which could not be met once borders closed and imports became expensive or delayed, cause an increase in demand for these goods in the local market. One stakeholder mentioned, *"The purchases of the food, pharmaceutical and detergents sectors increased at an unprecedented as a result of the great demand for them."*²⁵

At the time of Building Markets survey, it is likely that non-essential businesses were in their first or second month of re-opening after forced closures from the government, allowing for little time to fully understand the decreased demand and adjust their business model for it. Only 4% of businesses reported that they changed their customers to adjust to decreased demand. However, in the medium- and long- term, this may increase significantly as businesses become more aware of new demand opportunities.

52.6% of SMEs reported having an international client in the past six months. This is significantly lower than in 2018, when 84.6% of SMEs had an international client in the past six months and could be a result of closed borders and the increased cost of international business.

MEET ENTREPRENEUR
INTESAR HARB
OWNER, BEZZRET AMMETNA



Mrs. Intesar Harb was always curious about the different ways people could benefit from the use of date seeds and their nutritional value. In 2011, she started a small project at home, working and experimenting to create a natural caffeine-free coffee made from date seeds. Through determination, research, and innovation, in 2014, she established her company.

When asked about COVID-19, Mrs. Intesar said, "the pandemic has caused great losses in the world and the small enterprises are among those affected" and "we do not have reserve capital." One of the ways she has supported the business community is by hosting many companies in her factory who want to produce food products and do not have a laboratory to do so.

Bezzret Ammetna has introduced new products, including an oat energy meal. This was marketed to sports clubs and gyms, which was interrupted when the government closed down those facilities due to the pandemic. However, they are also in the process of negotiating a contract with a major international food chain to sell their oat ready meal products as breakfast.

"By changing our operations and thinking of new ways to meet market demand, the company's position is now stable to some extent."

²⁵ Stakeholder Interview, 08/30/2020.

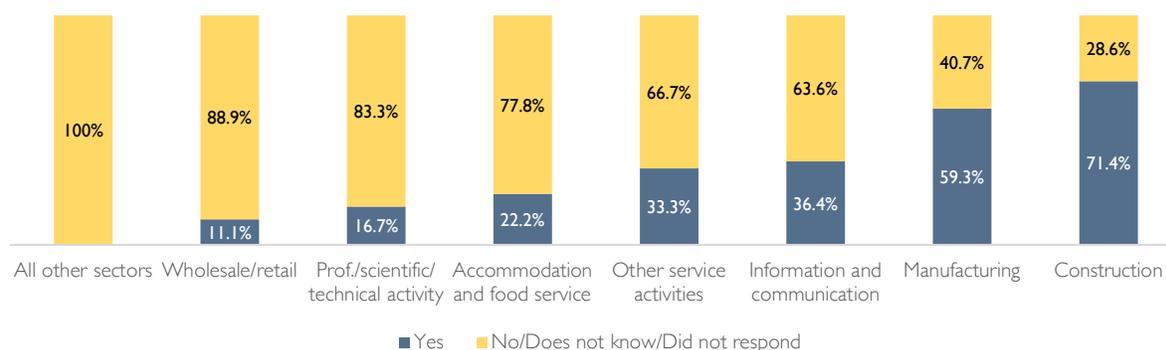
Exports – Interviews with stakeholders highlighted the closing of markets and borders as heavily affecting the country’s exports. For example, Jordan usually exports 2 billion USD worth of garments to the United States (US). However, the US closed its borders at the beginning of the pandemic, resulting in many cancelations for Jordanian factories.

Stakeholder interviews also suggested that exporting to neighboring countries such as the Arab Gulf countries has been greatly affected. Particularly, with additional procedures, increased cost, and newly placed restrictions, including measures to protect their domestic product. Countries are observed to have become more stringent in importing, granting import licenses, and placing non-customs administrative challenges.

Furthermore, stakeholders mentioned the difficulties travel restrictions have brought on for exporting stating, “Although telecommuting is available, travel is indispensable for making deals...”²⁶

Of those SMEs that export (n=73), 82% reported that their exports had been affected since the beginning of 2020. 59.3% of manufacturing SMEs that export (n=51) and 11% of wholesale/retail SMEs that export (n=18) reported this disruption.

Figure 7 - Have Exports have been Affected Since the Beginning of 2020 (n=73)



Supply

For manufacturers, meeting existing demand has become more challenging as supply chains have experienced significant disruptions due to closed borders and other regulations that have limited the movement of goods. This research found that 71.6% of SMEs were experiencing problems accessing suppliers due to mobility restrictions imposed by the government (in the past 30 days at the time of surveying), and 72.8% reported a reduction in the availability of and/or price increases for key inputs.

A little more than sixteen per cent (16.7) of SMEs reported having at least one supplier that is owned by refugees or migrants, which is far less than in 2018, when 28.4% of SMEs stated they had suppliers that were refugees or migrants.

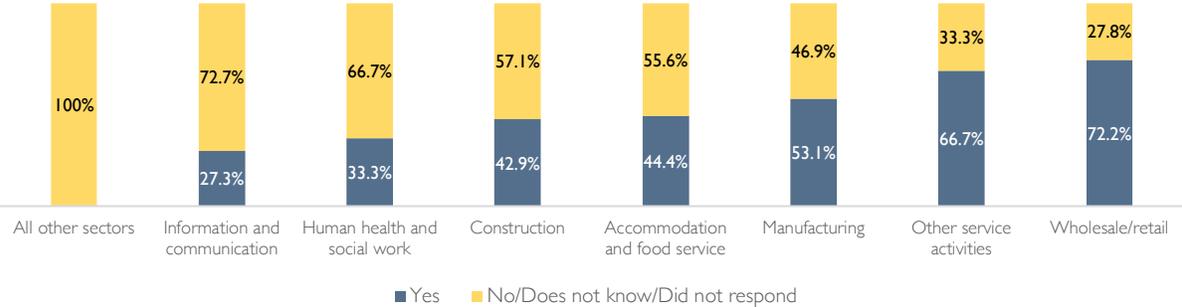
The ability for SMEs to shift production to meet new market opportunities appeared to be limited by the availability of raw materials, many of which are imported. That said, 11.8% of SMEs reported that they adjusted to the pandemic by producing or selling new goods.

Imports – 81.6% of businesses that import (n= 87) reported that imports have been affected since the beginning of 2020. 53% of manufacturers that import (n=53) and 72% of wholesale/retail businesses that import (n=15) reported disruptions.

²⁶ Stakeholder Interview, 09/02/2020.

This includes significant delays in arrival of imported goods and increased shipping and transportation costs. Several SMEs also noted that imported goods were no longer high in demand, so businesses ordered less.

Figure 8 - Have Imports Been Affected Since the Beginning of 2020 (n=87)



Access to Finance

Access to finance continues to pose challenges for SMEs in Jordan with 22% of SMEs reporting difficulties in the month leading up to this research. A liquidity shortage, due to frequent closures and curfews, changes in consumer consumption, lowered purchasing power, and markets closing, has become evident. A lack of investments and remittances from expatriates has also exacerbated this problem. Many businesses had to freeze operations on at least a temporary basis due to government restrictions, with no change in fixed operating costs. This has also made it difficult for SMEs to meet their existing debt repayments.

SMEs (74%) reported a depreciation in their productive capital due to inactivity from COVID-19 and related restrictions.

Overall, it this research found that it has become harder for SMEs to obtain formal loans. Banks are struggling as the quality of assets has deteriorated while interest rates have gone down. SMEs also faced problems providing sufficient documentation for loans because audit agencies were closed. Furthermore, financial institutions reported that fund providers (i.e. banks) have contended with the uncertainties of future business performance and cashflow, making them reluctant to take on the additional risk of lending.²⁷ Stakeholders echoed these challenges, reporting that banks were overwhelmed by applications and companies were unable to provide the needed documents since auditor bureaus were closed.

Also of note, only 24.2% in the sample had ever received a formal loan. This is slightly higher compared to Building Markets data from 2018-19 when 20.7% of SMEs had received a formal loan. However, 43% of the loans reported during the COVID-19 survey (16 of 37) were issued in 2020, suggesting that some businesses have had multiple formal loans since the baseline data collection.

While nearly one-third (32.7%) of SMEs that received a loan used the capital to purchase additional inventory or inputs, 25.5% used it to cover normal operating costs. This suggests that about one-fourth of loans were not used to expand business operations.

Roughly 32.7% of SMEs in the sample have received a loan from family or friends, and less than 1% have ever borrowed from informal lenders. Only 7% reported they had applied to a COVID-19-related fund.

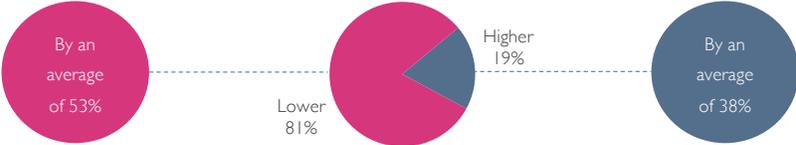
²⁷ Stakeholder Interviews.

Businesses (38%) did express interest in obtaining a formal loan, which has not changed since 2018-19 (37.9%). On average, the requested amounts are highest for construction (\$302k USD) and agriculture/forestry/fishery (\$352k USD) SMEs. The average desired loan size across all SMEs is \$273,250 USD.

Turnover

There was a decline in sales in both the local market and in exports, especially for non-essential goods. In the 30 days prior to this survey, 81% of businesses experienced lower sales/revenue compared to the same period last year. On average, sales/revenue for these businesses was 53% lower.

Figure 9 - Revenue Higher or Lower (past 30 days)



For 19% of businesses, sales/revenue in the previous month was *higher* than for the same period last year. For these businesses, sales/revenue was 38% higher on average.

These trends continued when businesses were asked to forecast their sales/revenue for the upcoming 30 days: 72.9% expected lower sales/revenue than the same period, last year, and on average, those SMEs expected sales to be 48% lower. More businesses expected sales/revenue to be higher in the coming 30 days (27%), but only an average of 26% higher.

Figure 10 - Revenue Expected to be Higher or Lower (next 30 days)



Over the course of the entire year, 78.6% assumed sales/revenue would be lower than 2019, by an average of 43% lower. Seventy-six per cent of SMEs also expected their investment in 2020 to be lower than in 2019, by an average of 45.9%.

These losses threaten the survival of Jordan's local SMEs. As reported by a representative of Jordan's Chamber of Industry, "The industrial sector is diverse; for some businesses in this sector, sales and demand declined sharply, which led to an overall decrease in the financial capacity of the sector. Normally, these SMEs depend on their monthly financial revenues in covering their expenses and obligations. When their sales stopped, that caused a shock to their financial cycle and a shortage of liquidity, and evidence of this is the high volume of returned cheque with banks."²⁸

²⁸ Stakeholder Interview, 09/02/2020.

Procurement Opportunities

Roughly two-thirds of SMEs in the sample reported that they regularly look for and bid on tenders; 62% know what a tender is, 60% have submitted a bid for a tender, and 66.7% are planning in the future. This represents a small increase in tender engagement since 2018-19, when only 52% had submitted a bid and 41% planned to bid in the future.

Of those SMEs that have bid on a tender in the 6 months leading up to this research (n=56), only 42.9% reported that they won a tender. Businesses are also not checking for tenders very often, with only 21.7% stating that they look every day.

Table 3 - Average Number of Tender Bids Submitted in Past Six Months, by Sector

Sector	from Private Sector	from NGO/ INGO/International Organizations	from Government
Accommodation /food service	2	2	0
Agriculture /forestry /fishing	0	0	0
Arts /entertainment/ recreation	0	0	0
Construction	17.5	4	1.5
Education	0	2	0
Information/ communication	2.17	1.33	1
Manufacturing	20.55	1.35	3.65
Other service activities	0	1.5	0.5
Prof. /scientific /technical	0.5	1.83	0.17
Wholesale /retail/ vehicle repair	0.5	0	4.33
Total Average	9.73	1.33	2.30

Low engagement with tenders could be for several reasons, including a lack of training and knowledge on how to identify sector specific tenders, a lack of resources to spend on doing leads research, language barriers, and a need for training on procurement standards and expectations. Businesses in Jordan have also expressed a hesitancy to bid on tenders when buyers are known for very delayed payments - especially when SMEs are concerned about their cashflow.

Internet

As of summer of 2020, 82.1% of SMEs were accessing the internet every day for business operations, including online ordering, research, and using application like Facebook for communication and marketing. SMEs are using both computers/laptops (80.5%) and phones (84%) to browse the internet. Only 4.6% of interviewees reported accessing the internet "seldom or never" for business purposes - all of these respondents are in the manufacturing sector.

In terms of online communications, 74.1% of SMEs report using email for business operations every day, with 13.9% using email at least once a week. Email is commonly used to interface with national buyers/businesses (66.9%), international buyers/businesses (57.4%), national individuals (55.6%) and international individuals (49.1%). About half of SMEs also use email to communicate with their staff (50.3%).

MEET ENTREPRENEUR
KHALDOON KATLAN
 CEO, ALSAMAH



Alsamah is a Syrian-family owned business committed to providing superior hosiery and underwear that meets the needs of the entire family. Alsamah has three factories based in Syria, Turkey, and Jordan, and more than 80 retail stores and 500 employees.

COVID-19 has been one of the biggest challenges the company has faced. Mr. Katlan shared, “with curfews, Alsamah’s revenue dried up as its production lines stopped working, and the business incurred great losses like all other companies in Jordan and around the world.” Despite these challenges, Alsamah was able to keep their employees. While doing business was impossible during the curfew period, the company’s management used this time to develop strategic plans to get out of the crisis with minimal losses.

One thing they took note of was that people started doing most of their shopping online. This moment made leadership realize that they needed to build a digital marketing department in order to develop its social media channels and e-commerce website. In addition, the company has added new items to its product catalog through cooperation with other factories, including a new production line for men’s underwear.

“Business conditions continue to be very difficult, but the wheel of life will continue turning so we must move forward and continue to achieve our goals.”

Adapting to COVID-19

When asked how SMEs had altered their business model to adapt to the pandemic and reduce physical proximity between customers, 42.6% of SMEs in the sample reported that they had not made a change. Over half of the businesses that reported no change are in the manufacturing sector. Those SMEs manufacturing essential products are less likely to have had their operations halted by the government lockdown, and most likely to have reported steady or increased demand even when using traditional in-person business models.

For those businesses that did report a shift, 30% said they switched to using phones for marketing, placing orders, and other operations, and 33% reported that they were relying on the internet, social media, and special apps or digital platforms to do business.

Figure 11 – How SMEs Have Adjusted to Reduce Physical Proximity Between People (select all that apply)

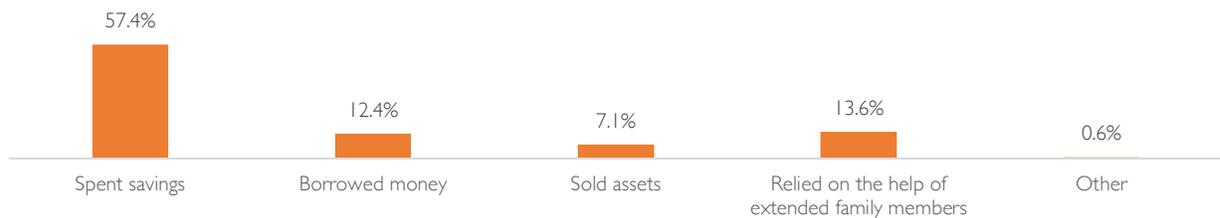


In general, many businesses moved (at least temporarily) to telework for their employees. This has created new demand for laptops and other electronics, which has benefitted small companies operating in the IT sector.

Covering Living Expenses

The acute impact of COVID-19 can perhaps be seen most starkly when you consider how businesses are using their savings to sustain themselves. A little more than half (57%) of interviewees reported they spent their savings to cover living expenses in the previous 2 months. Another 12% borrowed money, 7% sold assets, and 13% relied on the help of family members to cover these costs.²⁹ When asked to forecast their concerns for the coming two weeks, 21% planned to spend their savings to cover living expenses. Zero interviewees reported any issues with food security, citing no difficulties in accessing or paying for food.

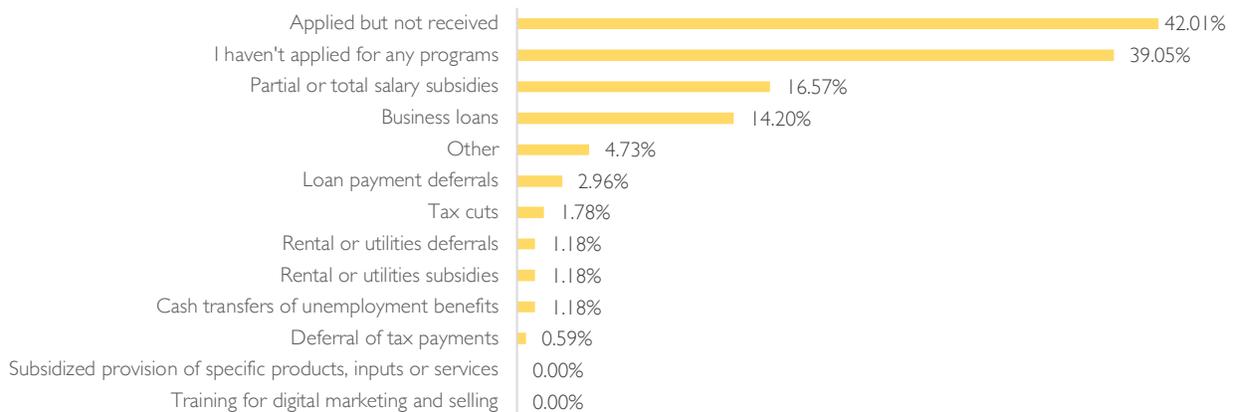
Figure 12 - Ways of Covering Living Expenses Over Past 60 Days (select all that apply)



Policy Support

Nearly 40% of SMEs have not applied for any type of support in response to COVID-19. When asked why, more than half (52%) believed that even if they applied for support, they did not think they would receive it. For example, the food industry was not covered by government support programs, so there was no reason for businesses in this sector to apply.

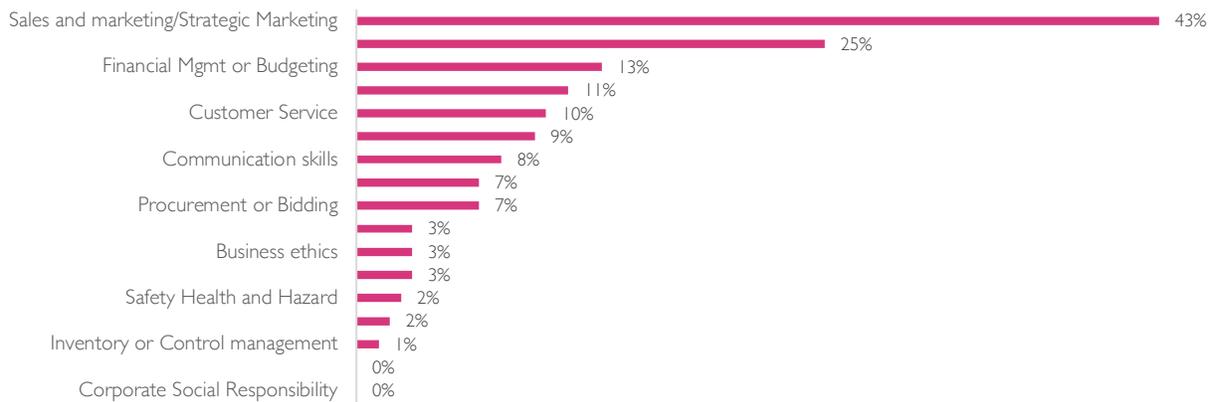
Figure 13 – Types of Support Applied for by SMEs (select all that apply)



Importantly, a little more than 22% of businesses that did not apply for support reported that it was because they were not aware of any such programs. While easy to overcome, information barriers are often one of the primary constraints that prevent local businesses from accessing the resources they need.

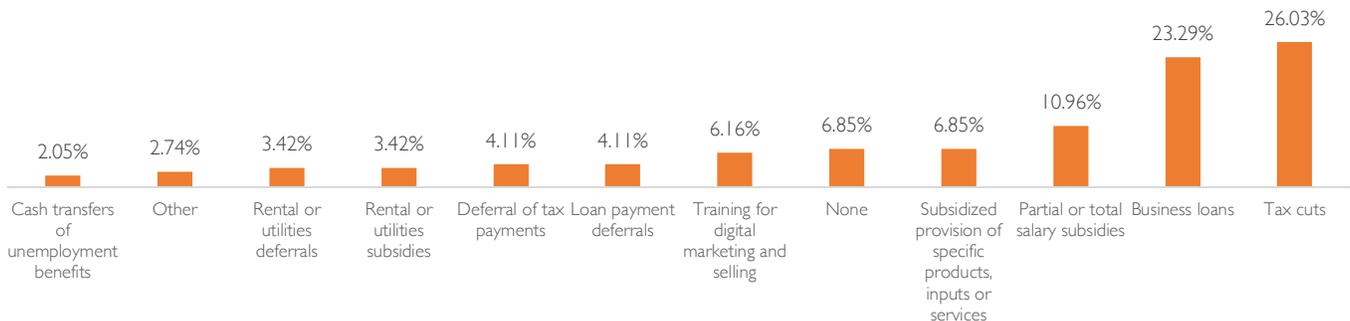
²⁹ Businesses answered by choosing all options that applied, so percentages do not represent different responses for different businesses. 55 of the 169 businesses surveyed (33%) did not choose any of the responses.

Figure 14 - Top Training Session Requested



When asked which training topic was most interesting, sales/marketing was the clear front runner (43%). Training on procurement and bidding, which helps businesses understand how to find, bid on, and win contracts, was only chosen by 6.5% of businesses in the sample. This could be because SMEs are not aware of the link between training on procurement and winning new business, but rather, are more focused on accessing new markets and customers to make linkages. However, in Building Markets experience, both are required.

Figure 15 - Top Policy Needed to Support Businesses During the Pandemic



Zero businesses reported that they were currently receiving training for digital marketing or selling. However, 33.7% of SMEs do not believe that training (of any topic) could help them operate their business more effectively. When asked, what is the most needed policy to support businesses in response to COVID-19, 26% chose tax cuts, 23.3% chose business loans, and other responses were varied (see above).

When stakeholders were asked the same question, the overall consensus was that there is a need to strengthen both financial support and government reforms to address the impact of the pandemic on businesses in Jordan. This includes, for example, a deferral of tax payments and social security fees to reduce financial obligations, direct grants and waivers of government fees, and structured guidance and advice. Government reforms are also necessary to ease procedures, including import regulations and customs and tax systems. Difficulties in governmental procedures and excessive red tape stand as major roadblocks for businesses. Specifically, the high tax burden, placed on both companies and citizens, can determine the ability of companies to expand or invest.

Stakeholders also noted that there is a gap in local services and capacity to address the direct needs of SMEs. For example, the Jordan Chamber of Commerce serves as an intermediary between SMEs and the central bank; however, they do not act as a direct source of support for SMEs. Furthermore, collaboration between public and private sector actors is limited, which makes them not as effective or efficient in addressing SME challenges and opportunities. While contextual constraints presented by the pandemic have limited traditional forms of support, including in-person training courses, business development meetings, and events, the feedback on local service gaps is closely aligned with stakeholder perceptions collected in 2018-19.

Some stakeholders shared that the government could improve policies and regulations that target SMEs by making them more inclusive. For example, the central bank set a ceiling for obtaining loans and provided banks with the financing for SMEs, however this only appears to have targeted existing customers and lacked outreach and marketing to other small businesses.

MEET ENTREPRENEUR
AKRAM ALHUNIDI
CO-OWNER, GOLDEN FANAR FOR FERTILIZER



Golden Fanar for Fertilizer was launched in 2015 with a mission to design, formulate and manufacture a complete range of specialty fertilizers and bio-stimulants. The company uses ingredients that safeguard plants, allowing them to absorb just the right amount of nutrients, which results in improved crop vigor, quality and yields.

Prior to COVID-19, Golden Fanar and its earnings relied on exports to Egypt and Algeria. At the beginning of the pandemic, they were hit very hard as exports stopped entirely due to transportation restrictions. In response, the company started focusing more on the local market in Jordan, and in 2020, they introduced new products to their business line, including a seaweed soluble liquid fertilizer. Golden Fanar also plans to start producing disinfectants in response to increased local and international demand for these items.

When asked about the type of support that SMEs need in Jordan, Mr. Alhunidi said what is most needed is direct financial support, access to credit, policies for reducing the cost of doing business, and improving export and import regulations. Following this, he said, “support should focus on helping businesses build back better.” This would include support to accelerate SMEs digital transformation so companies so companies can evolve with the market, remain competitive, and enable their businesses to become ‘future fit’.

“The demand for local commodities, especially crops, increased during the pandemic so my advice to other businesses is to focus on the local market.”

5. CONCLUSION AND RECOMMENDATIONS

At the completion of Building Markets SME survey in August 2020, Jordan had only recorded 2,034 COVID-19. By late October, a total of 46,411 cases were confirmed.³⁰ This reflects a significant and worrying spike in cases as Jordan confronts the second wave of the virus. Beginning in September, the government re-introduced curfews and additional measures to attempt to flatten the curve before the winter months. Alongside reinstating these measures, Jordan's SMEs, many of which were already vulnerable from the first wave, will be further impacted by new drops in demand for goods and services.

Most challenges directly cited by SMEs were due to government restrictions imposed during the first wave of the virus, such as limiting the mobility of consumers and workers and the forced closure of some businesses during the lockdown. At the same time, SMEs remained uncertain about whether the re-opening of the economy would be enough to make up for months of being non-operational, with the majority anticipating significantly reduced demand in the coming 30 days (compared to the same month last year).

While SMEs have expressed interest in sales and marketing training to cope with decreased demand, marketing skills alone are not enough to address the challenges created by the ongoing effects of COVID-19. Consumers have reduced their demand of non-essential and luxury goods and instead focused spending on essential items while the economy and public health remain at risk. A critical need for finance, a significant challenge for Jordan's SMEs before the pandemic, has continued to be the biggest barrier for survival over the coming year. In addition, finding new buyers, bidding for tenders, or forming new partnerships will be critical for firms to increase revenue as demand remains depressed. For many SMEs, this will mean changing the way they do business and which consumers and buyers they target.

The good news is that without external support, we already see the incredible resilience of SMEs. Stretched thin, they are re-evaluating their business models, innovating, and considering new ways to reach customers, including introducing digital tools. If one imagines accelerating these trends with targeted assistance, we may see more SMEs weathering COVID-19 while also paving the road to inclusive growth and market recovery in Jordan.

Recommendations

1. SMEs have spent their savings to cover operational costs, leaving them cash constrained and vulnerable. Flexible, accessible financial support, such as subsidies for operational costs, grants, and other forms of COVID-19 relief funding are required.
2. There is a shortage of targeted advisory and training services that can respond to the needs of SMEs. This includes, for example, supporting their digital transformation, sales and marketing, financial management, and procurement support.
3. Though many SMEs are suffering, essential businesses, such as the manufacturing, wholesale, IT, and retail of food, beverage, medical and pharmaceutical products, have seen a boost in sales. These SMEs need investment to expand.
4. Face-to-face business and traditional communication is likely to remain difficult in the coming months. Therefore, in addition to introducing new digital tools, SMEs require easy access to information and tenders relevant to their businesses and sectors. This could facilitate new B2B connections, partnerships, and awareness of opportunities, including government regulations and reforms.
5. Government reforms are also necessary to ease procedures for businesses, including changes to import regulations and customs and tax systems.

³⁰ Jordan Country Profile. World Health Organization. <https://www.who.int/countries/jor/>

ANNEX I: SME SURVEY

Question Text	Answer Style/Choices
Date Conducted	Date
Section 1: Pre-Interview Details - Fill all of this out before starting	
Enter the business's unique entity ID:	text
Select the program country this business's office is located in:	MCQ (Turkey, Jordan, Myanmar)
Select the primary currency this business uses:	MCQ (TRY, JOR, MMK)
Enter the full name of the Building Markets staff conducting the interview	text
Trade name:	text
Street Address	text
City	text
Region	text
Sector	text
Subsector	text
Section 1a: Pre-Interview Details: Contacting the business	
Was business able to be contacted?	MCQ (Yes/No)
If no, why not?	MCQ (Phone number did not connect, Phone call was not answered, Phone number was not correct individual, Other)
If other, please explain	text
Section 2: Interview Identification	
Survey Consent: Your consent is necessary to participate in this survey, which would allow Building Markets to analyze your data within a unified group (without specifying it) to issue a general report on businesses in this market. You are free to decline to participate or to skip if they make you uncomfortable. Do you grant consent?	MCQ (Yes/No)
Interviewee's name:	text
Interviewee's position at business or entity:	MCQ (Owner, Manager, Employee, Other)
Interviewee's primary phone:	number
Interviewee's primary email:	email
Section 3: Business Status	
What is the current status of your business?	MCQ ("Temporarily closed by government mandate, Temporarily closed due to challenges related to the COVID-19 outbreak, Permanently closed due to challenges related to the COVID-19 outbreak, Temporarily or permanently closed due to factors unrelated to the COVID 19 outbreak, Business remains open, does not know)
→If closed, when did it close?	date
→If closed, When are you expecting that this business will resume operations?	date
Confirm sector and subsector	MCQ (Yes/No)
→If no, new sector:	MCQ (sector list)

→If no, new subsector	MCQ (subsector list)
Address is confirmed?	MCQ (Yes/No)
→If no, new street address	text
→If no, new city	text
→If no, new region	text
Does the primary activity of the business you work for involve the production, transport, trading or selling of food products?	MCQ (Yes/No)
Does the primary activity of your business involve the production, transport, trading or selling of food products?	MCQ (Yes/No)
Section 4: Registration and Formality	
Is this business registered with all required government agencies/institutions?	MCQ (Yes, No, In Process, Does not know, refuse to respond, did not ask)
Can your business provide certified Balance Sheet statements?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Can your business provide certified Profit & Loss statements?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Section 5: Employment	
<i>Note: The following questions about employees refer to the number of employees currently employed (i.e. still on the payroll) by the business</i>	
How many managers are employed at your business at the end of last month?	number
How many of these managers are male?	number
How many of these managers are female?	number
How does your business primarily manage its finances?	MCQ (Owner manages all finances, Full time finance staff in house, Part time finance staff in house, Shared duty by non-finance staff, Outsource to company or consultant, Other, Did not ask, refuse to respond, does not know).
If other, how does your business primarily manage its finances?	text
Do you have a dedicated human resource (HR) manager?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
At the end of last month, how many full-time employees worked at this business? (works the average working week, for the average number of hours). Do NOT include the number of owners or managers.	number
How many of these employees are male?	number
How many of these employees are female?	number
How many part-time or employees did this business employ throughout last month? (works a limited # of hours per day, or a limited # of days per month). Do NOT include the number of owners and managers.	number
How many of these part time employees are male?	number
How many of these part time employees are female?	number
How many of your total staff (full- and part-time) DO NOT hold local citizenship?	number
How many of your total staff (full- and part-time) hold local citizenship?	number
<i>In the last 30 days, how many of your workers experienced any of the following as a result of the coronavirus/covid-19 outbreak and related restrictions?</i>	
Temporary layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Permanent layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Reduction in earnings from this work or delays in wage payment - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number

How many paid employees did your business have at the end of February 2020? (both full-time and part-time, excluding yourself)	number
Of these employees, how many were male managers?	number
Of these employees, how many were female managers?	number
Of these employees, how many were male full time permanent employees?	number
Of these employees, how many were female full time permanent employees?	number
Of these employees, how many were male full time temporary employees?	number
Of these employees, how many were female full time temporary employees?	number
Of these employees, how many were expats?	number
Section 6: Clients	
Have you had an international client within the past six months?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
What is the name of your principal client? (largest buyer)	text
Is your principal client foreign or domestic?	MCQ (foreign, domestic, did not ask, does not know, refuse to respond)
What is your principal client's primary sector?	MCQ (sector list)
What goods or services were provided to this client?	text
When was the end of last contract with this client?	Date
What was the total value sold to this client within the last 6 months?	number
<i>Types of Entities that Purchase Products</i>	
Customers are Governments?	MCQ (Yes, No, Does not know)
Customers are Microenterprises?	MCQ (Yes, No, Does not know)
Customers are Individuals?	MCQ (Yes, No, Does not know)
Customers are NGOs?	MCQ (Yes, No, Does not know)
Customers are SMEs?	MCQ (Yes, No, Does not know)
Customers are Households?	MCQ (Yes, No, Does not know)
Customers are Large Enterprises?	MCQ (Yes, No, Does not know)
Number of Entity Types Sold to	number
Types of Entities that Purchase Products OTHER	text
Since March 2020, would you say the number of clients has increased, decreased or stayed the same?	MCQ (Increased, decreased, stayed the same)
Typically, how long does it take for your business to pay its suppliers?	MCQ (within 30 days, within 60 days, within 90 days, Over 90 days)
Since March 2020, would you say this time has increased, decreased or stayed the same?	MCQ (increased, decreased, stayed the same)
What is your best-selling product/service right now?	text
Do you sell any products that respond to COVID-19 (personal protective equipment, sanitizers, etc.)	MCQ (Yes, No, Does not know)
→If yes, please describe:	text
Section 7: Finance	
Has this business ever received a formal loan?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If yes, (for the most recent formal loan) from whom?	text
→If yes, (for the most recent formal loan) how much did you receive?	number

→If yes, when did you receive the loan?	date
→If yes, how did you spend the money?	MCQ (Build infrastructure, Buy service advertising etc., Cover normal operating costs, Expand geographically, Hire more staff, Pay other debt, Pre financing for contracts or projects, Purchase additional inventory or inputs, Update or repair equipment, Other, Does not know, refuse to respond, did not ask)
→If other, how did you spend the money?	text
Has the loan been completely repaid?	MCQ(Yes, No, Does not know, refuse to respond, did not ask)
If your business could get a loan from a bank, would you want one?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If interested in loan, or an additional loan, how much would you like to receive?	number
→What duration (months) would you want on your business loan?	number
→How would you spend the loan?	MCQ (Build infrastructure, Buy service advertising etc., Cover normal operating costs, Expand geographically, Hire more staff, Pay other debt, Pre-financing for contracts or projects, Purchase additional inventory or inputs, Update or repair equipment, Other, Does not know, refuse to respond, did not ask)
→If other, how would you spend the loan?	text
Has your business ever borrowed money from family or friends?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→How much did you borrow from family or friends for your business?	number
→Has your business ever borrowed money from informal lenders?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→How much did you borrow from informal lenders for your business?	number
Section8: Turnover/profits	
What was your business's total turn-over (sales) for the last month?	number
→If no response, why was no answer given?	MCQ (Does not know, refuse to respond, did not ask)
What was your business's total turn-over (sales) for the last fiscal year?	number
→If no response, why was no answer given?	MCQ (Does not know, refuse to respond, did not ask)
What was your business's total profit last fiscal year?	number
Value of total assets at the end of the last fiscal year? (in local currency)	number
Total liabilities at the end of the last fiscal year? (in local currency)	number
Profit margin last fiscal year?	Number
Were your sales/revenue in the last 30 days higher or lower compared to your sales/revenue in the same period last year?	MCQ (Higher, Lower)
How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	Number
Do you expect your sales/revenue in the next 30 days compared to your sales/revenue in the same period last year to be higher or lower?	MCQ (Higher, Lower)
How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	number
Section 9: Expenditures	
<i>Tell the interviewee: "I am now going to ask you 5 questions, which will need to add up to 100%. I will ask, in a typical year, what % of your business expenditures are spent on these 5 things: imported goods, locally sourced goods, local services, services from foreigners (non-citizens), and salaries. Please give me an estimated percentage for each, starting with imported goods."</i>	
In a typical year, what % of your business expenditures do you spend on imported goods?	number

In a typical year, what % of your business expenditures do you spend on domestically produced and sourced goods?	number
In a typical year, what % of your business expenditures do you spend on services from domestic suppliers?	number
In a typical year, what % of your business expenditures do you spend on services from international suppliers?	number
In a typical year, what % of your business expenditures do you spend on salaries?	number
Section 10: Other	
What modes of payment does your business accept?	MCQ (Cash, Cheque, Bank Transfer, Wire Transfer, Mobile Money Transfer, Other, Does not know, refuse to respond, did not ask)
→If other, What mode of payment does your business accept?	text
Section 11: Imports	
Does your business directly import goods?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→What is your highest costing import?	text
→What is the country of origin for above imported good?	text
→What are the other countries you import from?	text
→Have your imports been affected since the beginning of 2020?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If yes, how?	text
Section 12: Exports	
Does your business export products or services?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→What % of your business' revenue comes from exporting goods?	number
→What is your business' primary export?	text
→To which countries do you export these products?	text
→Have your exports been affected since the beginning of 2020?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If yes, how?	text
Section 13: Tenders	
Do you know what a tender is?	MCQ (Yes, No)
→Has your business ever submitted a bid for a tender?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If your business has ever submitted a bid for a tender, have you won any tenders in the past six months?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→What is the last tender you have bid? (date entity value)	date
→When is the last tender you have won? (date entity value)	date
→If you have attempted to bid on tenders but not won the contract, what do you believe is the primary reason for this?	MCQ (Bid results not yet received, Competition was too strong, Corruption/Collusion, Did not understand the procurement process, Not enough time to bid, Price was too high, Quality of good/service not high enough, Unable to finance bid, Unable to meet delivery times, Unable to meet quantity specifications, Won all submitted bids, Other, Does not know, refuse to respond, did not ask)
→What is the primary reason you have not bid on all relevant tenders?	MCQ (We bid on all relevant tenders, We do not have enough time to bid on all relevant tenders, We are a new business and not ready to enter the tender process, We do not understand the tender process, We are not able to finance tenders on our own, We do not have the

	spare manpower to put together tender documents, We cannot find all relevant tenders, We are not located in the right area to perform tenders, Other, Does not know, refuse to respond, did not ask)
→If interviewee answered "Other" as the main reason for losing contracts, ask for more detail and enter it here.	text
→If interviewee answered "Other" as the main reason for not bidding on tenders, ask for more detail and enter it here.	text
→How often does your business check for available tenders?	MCQ (Every day, At least once a week, At least once a month, seldom or never, Does not know, refuse to respond, did not ask)
→How many government tenders has your business bid on in the last six months?	number
→How many private tenders has your company bid on in the last six months?	number
→How many NGO/INGO/International Organization sector tenders has your company bid on in the last six months?	number
→Are you planning to bid on tenders in the future?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Section 14: Internet	
How often do you access the internet for business operations (e.g. online ordering, research, Skype, Facebook)?	MCQ (Every day, At least once a week, At least once a month, seldom or never, Does not know, refuse to respond, did not ask)
On what device(s) do you access the internet?	MCQ (Computer or Laptop, Phone or Mobile Device, Tablet, Does not know, refuse to respond, did not ask)
How often do you use email for business operations?	MCQ (Every day, At least once a week, At least once a month, seldom or never, Does not know, refuse to respond, did not ask)
Who do you communicate with through email?	MCQ (National buyers businesses, International buyers businesses, National customers individuals, International customers individuals, Internal staff, Other, Does not know, refuse to respond, did not ask)
Section 15: Refugees/Migrants (Jordan and Turkey Only)	
Owners Refugees or Migrants Y/N	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Number of Owners Refugees	number
Customers Refugees or Migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Distributors refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Suppliers refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Employees refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Managers refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Other Interaction with refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If "Yes", please describe	text
Number FT Refugee Employees	number
Number PT Refugee Employees	number
Number FT Migrant Employees	number
Number PT Migrant Employees	number
Experience getting Work Permits for Refugees	text
Experience getting Work Permits for Migrants	text
Section 16: Food Security	
In the past 7 days, have you or any household member experienced any of the following cases? [Select all that apply]	MCQ (Difficulties in buying food due to most food markets being closed, Unable to buy the amount of food we usually buy because of

	shortages in markets, Unable to buy the amount of food we usually buy because the price of food was too high, Unable to buy the amount of food we usually buy because our household income has dropped, Had to reduce the number of meals and/or the portion of each meal we would usually eat)
Section 17: Effects of Covid-19	
In the last 30 days, has your business been facing any of the following challenges due to the coronavirus/COVID-19 outbreak and related restrictions? [select all that apply]	MCQ (Difficulties in accessing customers due to mobility restrictions imposed by government, Loss in demand due to other reasons (e.g., regular customers can no longer afford our products or services or have cancelled orders), Difficulties in accessing suppliers due to mobility restrictions imposed by government, Reduction in the availability and/or price increases for the main inputs, Difficulties with worker absenteeism arising from mobility restrictions imposed by the government, Difficulties with worker absenteeism arising from other reasons (e.g. workers being sick or not having childcare), Difficulties in securing access to finance (e.g. banks or MF institutions are closed or operate at restricted capacity), Difficulties tending to my business because I have to take care of a family member (e.g. children, sick relative, etc.), Depreciation of productive capital due to inactivity, No particular challenge, things have proceeded as normal)
[If open] Under current conditions, for how much longer do you think you will be able to keep your business open?	MCQ (Less than 2 weeks, Between 2 and 4 weeks, Between 1 and 2 months, Between 2 and 6 months, More than 6 months, Don't know (uncertain))
Has your business adjusted its business model to reduce being directly in physical proximity with customers?	MCQ (Use of phone for marketing, placing order etc., Use of Internet, online social media, specialized apps or digital platforms, Switched product, Other, No Change)
If other, please explain	text
Has your business adjusted to the crisis in any other way?	MCQ (Related to demand: changed who we sell to, Production: started producing/selling new goods, Finance: applied to COVID related funds)
→If yes, Explain how	text
In the next six months, do you expect your company's profits to increase, decrease, or stay the same?	MCQ (Increase, decrease, stay the same, does not know, did not ask, refuse to respond)
In the next six months, do you expect the number of people your company employs to increase, decrease, or stay the same?	MCQ (Increase, decrease, stay the same, does not know, did not ask, refuse to respond)
<i>[If COV2=5] In the next 6 months, how many of your workers do you expect will experience any of the following as a result of the coronavirus/covid-19 outbreak and related restrictions?</i>	
Temporary layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Permanent layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Reduction in earnings from this work or delays in wage payment - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Over 2020, do you expect your business' total sales to be higher or lower compared to 2019?	MCQ (higher, lower)
How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	number
Over 2020, do you expect your business' total investment to be higher or lower compared to 2019?	MCQ (higher, lower)

How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	number
In the last <u>60</u> days, have you had to do any of the following? [select all that apply]	MCQ (Temporarily migrated back to my original home place, Permanently migrated back to my original home place, Find another job/earning occupation, Spent savings to cover living expense, Borrowed money to cover living expenses, Sold assets to cover living expenses, Relied on the help of extended family members to cover living expenses, Violate containment measures to maintain a living, None)
Do you expect to have to do any of the following in the next two weeks because of Covid-19/coronavirus or related restrictions? [Select all that apply]	MCQ (Temporarily migrated back to my original home place, Permanently migrated back to my original home place, Find another job/earning occupation, Spent savings to cover living expense, Borrowed money to cover living expenses, Sold assets to cover living expenses, Relied on the help of extended family members to cover living expenses, Violate containment measures to maintain a living, None)
Section 18: Building Markets Activities and Policy Response	
What type of services would most help your business win more contracts with international businesses, NGOs, or Government?	text
Do you think business training can help you operate your business more efficiently?	MCQ (Yes, No, Does not know, Did not ask, refuse to respond)
→If yes to future training session, which training session most interests you?	MCQ (Procurement or Bidding, Management Senior or Middle, Administrative Management, HR Management, Financial Mgmt. or Budgeting, Customer Service, Inventory or Control management, Sales and Marketing, Safety Health and Hazard, Corporate Social Responsibility, Knowledge management, Business Ethics, Communication skills, Strategic Marketing, Other, does not know, did not ask, refuse to respond)
What would be the most needed policy to support your business over the COVID-19 crisis?	MCQ (Business loans, Loan payment deferrals, Partial or total salary subsidies, Cash transfers or unemployment benefits, Rental or utilities subsidies, Rental or utilities deferrals, Training for digital marketing and selling, Subsidized provision of specific products, inputs or services, Tax cuts, Deferral of tax payments)
Have you applied for or are you currently receiving any government programs to support businesses like yours? [select all that apply]	MCQ ((Business loans, Loan payment deferrals, Partial or total salary subsidies, Cash transfers or unemployment benefits, Rental or utilities subsidies, Rental or utilities deferrals, Training for digital marketing and selling, Subsidized provision of specific products, inputs or services, Tax cuts, Deferral of tax payments, I haven't applied for any programs)
→ [if PR2=1] Why have you not applied to any government programs?	MCQ (I am not aware of any such programs, It requires internet/smart phone and I do not have one, Even if I apply, I don't think I will get support from these programs, Even if I apply, I don't think I will get support from these programs, I will need to pay a bribe to apply to these programs, Other)
→if other, please specify	text
Section 19: End of Interviewee Questions	
Thank you, you have completed the last interviewee question. The next section will offer a place for the interviewer to enter any comments before submitting this form.	
Use this space to enter any comments you have as an interviewer.	text

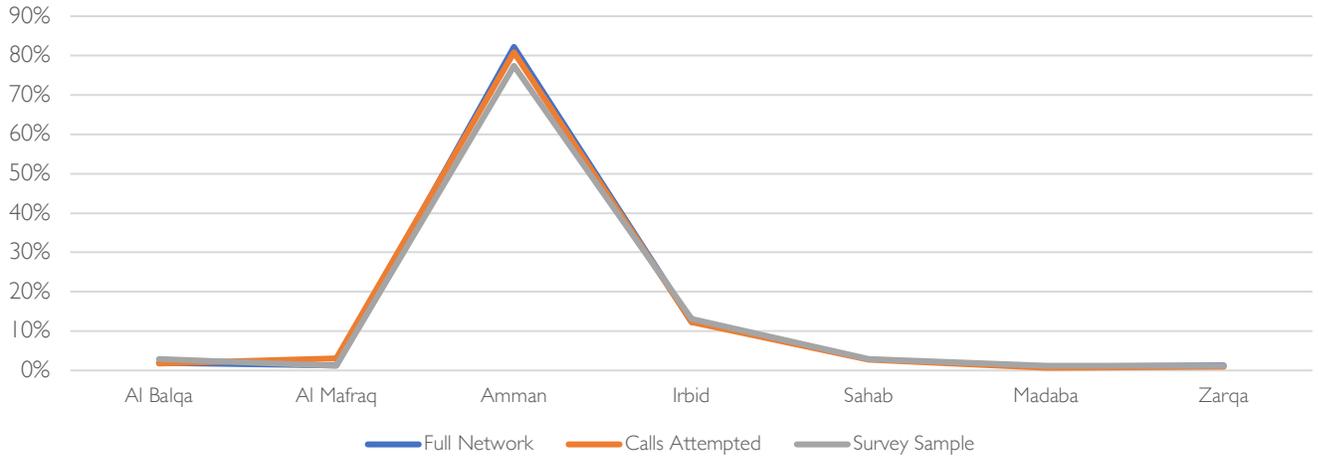
ANNEX 2: STAKEHOLDER INTERVIEW QUESTIONS

1. Date of Interview
2. Interviewer Name
3. Organization Name
4. Type of Stakeholder (MCQ)
5. How long has this entity been operating in country?
6a. If NGO, what is the organization's mission? (in brief)
6b. If other public sector or private sector, please briefly describe business/government activities.
7. First Name (Interviewee)
8. Last Name (Interviewee)
9. Honorific/Title (Interviewee)
10. Job Title/Position (Interviewee)
11. Email (Interviewee)
12. Phone (Interviewee)
13. Gender (Interviewee)
14. HQ Address (Main Office)
15. City/Town (Main Office)
16. Country (Main Office)
17. In your view, what are the top challenges faced by local businesses due to Covid-19?
18. What sector or industry has been hit hardest by Covid-19?
19. Have challenges from Covid-19 led to businesses permanently closing?
20. How has importing been affected by the pandemic?
21. How has exporting been affected by the pandemic?
22. How has local procurement/purchasing been affected?
23. Has the pandemic created new opportunities for SMEs? If yes, please elaborate.
24. If at all, how does your organization support SMEs in this country?
25. In your view, what are the challenges to providing support to SMEs since the pandemic began?
26. What type of support is needed most by SMEs in response to COVID-19?
27. Is this support accessible to SMEs in country? If no, please elaborate. If yes, who is providing it?
28. Does your organization/business work with refugees? (Turkey/Jordan only)
29. If yes - how do you support the refugee community in country? (Turkey/Jordan only)
30. Has the refugee business community been affected by the Covid-19 pandemic more acutely than the general population? (Turkey/Jordan only)
31. If yes, what are some specific challenges faced? (Turkey/Jordan only)
32. Are there others you would recommend we speak to?

ANNEX 3: COMPARISON OF SME NETWORK TO SURVEY SAMPLE

During data collection, the sector and city location of SMEs that consented to the survey remained consistent when compared to Building Markets' full network of businesses in Jordan. Most importantly, the similarity between the full network of SMEs and the final survey sample show that the businesses that were unable to be contacted or did not consent to the survey were not concentrated in any particular city or sector.

Comparison of SME Locations Across Survey Samples - Jordan



Comparison of SME Sector Across Survey Samples - Jordan

