



Impact of the COVID-19 pandemic on enterprises in Jordan

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Preface

This report presents the results from a rapid assessment on the impact of COVID-19 on enterprises in Jordan. The assessment is based on datasets from two enterprise surveys implemented independently by the International Labour Organization (ILO) and the United Nations Development Programme (UNDP). The resulting datasets from the surveys were combined to serve as a basis of analysis. Fafo Institute for Labour and Social Research (Fafo) provided the conceptual design and oversight to the implementation of the ILO survey. The report is part of a series of rapid studies under a larger initiative of the ILO on the impacts of the COVID-19 pandemic on labour markets in the Arab states (see back cover).

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Executive Summary

The COVID-19 pandemic and its socio-economic impacts in Jordan are evolving rapidly, the impact not only driven and shaped by the repercussions of the spread of the virus on the broader economy, but also by the nature of the government response—movement restrictions and other emergency measures—and the support of Jordan’s key development partners. In order to take appropriate mitigation measures or to adjust existing emergency measures, a good understanding of who is impacted, how and for what duration is crucial. Such an understanding is also key for effective measures, so essential given Jordan’s limited fiscal space.

This report presents the findings from a rapid assessment on the impact of COVID-19 on enterprises in Jordan. The assessment is aimed at providing evidence relevant for policy and programming purposes and support the development of sound measures in order to mitigate the effects of the pandemic on enterprises and workers.

In April 2020, ILO and UNDP in collaboration with Fafo conducted a sample survey of 1,190 enterprises (home-based businesses, micro and small businesses, as well as larger enterprises). This report presents findings on the impact of COVID-19 on enterprises using this data set. Furthermore, the report presents findings from in-depth interviews carried out by UNDP with key informants that provided case stories to supplement the findings of the survey data.

The sample of enterprises consisted of manufacturers (38 per cent), enterprises operating in wholesale and retail trade (11 per cent), mining and quarrying (10 per cent) and accommodation and food services (10 per cent), while the remaining 31 per cent of enterprises were spread across several sectors.

Key findings

- All surveyed enterprises reported challenges in terms of cash flow, reduced demand and supply, and disruption in the value chains as a result of measures responding to COVID-19.
- Only 7 per cent of surveyed enterprises reported operating as usual at the time of the survey. 39 per cent were operating but with either reduced staff (7 per cent) or reduced working hours (16 per cent) or both (16 per cent). 51 per cent of the surveyed enterprises had closed temporarily.
- 42 per cent of enterprises indicated that they would be able to continue paying salaries to all workers under existing conditions for less than one month, another 42 per cent for less than three months. Micro businesses (55 per cent) and small enterprises (44 per cent) indicated that they lacked the means to keep paying salaries, while medium (33 per cent) and larger enterprises (23 per cent) were more likely to be able to pay salaries for an additional month.
- Around a quarter (26 per cent) of enterprises indicated that under the conditions at the time of the survey they would be able to stay operational for less than a month, 30 per cent would be able to remain operational for 1 to 3 months, 5 per cent for 4 to 6 months and only 13 per cent for more than six months. A substantial number of them (27 per cent) did

not know how long their businesses would last if the situation prevailing at the time of the survey would continue.

- The vast majority of employees who were not able to come to work due to the lockdown were still receiving full or partial payments from their employers. 71 per cent of the employees not able to come to work were still receiving full payments, while 20 per cent were receiving partial payments. More employees not able to come to work in large enterprises were receiving full payments compared to employees in small enterprises.
- Nearly 40 per cent of the surveyed enterprises stopped payment to social security as a result of the COVID-19 crisis, making use of the waiver introduced in Defence Order 1. A larger share of small enterprises stopped payments compared to larger enterprises. While 45 per cent of the micro enterprises have stopped their payments, only 34 per cent of the enterprises with more than 100 employees have done so.
- Over one-half of the respondents (52 per cent) remained confident that they would weather the crisis and resume profitability, while 20 per cent were not confident of their economic resilience and robustness. However, asked about their pre-crisis financial situation, 25 per cent of all enterprises indicated that they were losing money and 46 per cent reported only breaking even, suggesting that many enterprises had financial difficulties even before the lockdown measures. Apprehension is higher amongst home-based and micro enterprises.
- The ability for enterprises to survive the economic crisis will depend on multiple factors, including how agile enterprises are in ensuring business continuity and adapting their business processes. Yet only 25 per cent of enterprises had a business continuity plan in place.
- In terms of measures taken to reduce the spread of COVID-19 at the workplace, more than 72 per cent of surveyed enterprises reported that they had disseminated protective gear, including masks and gloves to employees, and 55 per cent had enhanced cleaning and sanitizing efforts across facilities at the time of the survey. 23 per cent of micro businesses had not yet taken any measures.
- At the end of April, two-thirds (67 per cent) of all enterprises were not aware of any support packages or measures available to help them mitigate the impact of the crisis.
- 53 per cent of businesses consider direct financial support as the most essential support needed to cope with the situation at this stage, with 60 per cent of micro businesses and 43 per cent of enterprises with more than 100 workers indicating the need for such support.
- 42 per cent of all enterprises surveyed, and 68 per cent amongst companies with more than 100 workers, suggested wage subsidies, as essential to cope with the situation. 20 per cent of all enterprises mentioned access to credit.

Key Recommendations

Many business owners expressed a clear view of the type of support needed such as pay subsidies, direct financial support, access to credit and policies for reducing the cost of doing business, licensing fees and work permits, and enacting insolvency regulations and laws.

The following recommendations build on the findings of the survey and draw on the experiences of ILO and UNDP.

Support to prioritization of businesses receiving support

The survey indicated that many businesses surveyed were in poor financial health even before the COVID-19 crisis. In the context of fiscal constraint, it is important that the government develops a clear and transparent approach to support prioritization of businesses to be supported.

Supporting business continuity planning and preparedness

At the time of the survey a small percentage of businesses surveyed (25 per cent) indicated that they had business continuity plans in place that would help them manage and respond to the crisis. To equip businesses better, technical assistance and mentoring support to develop business continuity plans and business model adjustments should be made available.

Prioritizing support for MSMEs to 'building back better'

Support should focus on helping businesses 'build back better'. This would include support to accelerate MSME's digital transformation so companies can evolve with the market, remain competitive and to enable their businesses to become 'future fit'. Digital transformation not only relates to technological transformation, which entails integrating technology in all areas of business and by that fundamentally altering how businesses operate and deliver value to their customers but also requires an organizational and cultural transformation, in which organizations continually challenge the status quo, experiment and get comfortable with failure. Support and incentives should also be provided for companies to introduce and invest in more resource efficient business processes and to encourage local procurement.

Above measures would strengthen the resilience of companies to future crises.

Simplifying access to and awareness of available support measures

- Simplified administrative processes to facilitate and expedite access to those in need of different services and funds.
- Public private dialogue on most appropriate and effective targeting of support measures. This should include also awareness raising of available assistance packages as at the time of the survey few businesses were aware of the support packages available to them.
- Reduced fragmentation of different support programmes and institutional responsibilities to streamline and facilitate access.

Prioritizing support to the most vulnerable

Support to businesses and jobs needs to target the most vulnerable in order to mitigate the economic and social consequences of the crisis. Given the vulnerability of small enterprises and workers, the government should explore all options, including:

- Cash injections (grants/loans) to ensure business continuity and job retention, particularly for female employees;

- Tax holidays, reductions or rescheduling; interest-free loans; wage and employment subsidies;
- Support banks and other financial institutions so that they can provide flexibility with debt repayment/handling, and more lending – possibly conditional on retaining workers, etc. and new forms of banking collaterals (e.g. moveable assets, etc.).

A gender-responsive recovery

The survey shows that few enterprises, with the exception of companies of more than 100 employees, provide childcare services. Flexible working arrangements are more common across different size enterprises. Childcare and housework along with low wages are, according to a UN Women report, one of the main reasons women cite for remaining out of the labour market.⁵ It is important that enterprises as well as government invests into the care sector to facilitate women's labour force participation and economic empowerment.

Specific support measures for micro and home-based businesses

The impact of the crisis on micro and home-based businesses has been particularly hard. Many lack cash reserves, financial resources and assets as well as access to finance to cover fixed costs and to respond to the crisis. Government measures currently largely focus mostly on formal SMEs. Targeted measures should be considered for micro and home-based businesses.

Such measures could include helping enterprises to reduce their fixed costs. Fixed operating costs include rent, utilities, other overheads, servicing of debts, tax payments, social security contributions and the wages of essential staff. There are different options for supporting enterprises to cover their fixed costs, including waiving payments due, providing grants or making credit available.

Next steps and further research

- A follow up assessment will be conducted in September to trace the medium and longer term impact of COVID-19 on workers and enterprises.
- The current analysis did not zoom in on specific sectors or allow for sector specific analysis. This should be considered for sectors particularly hard hit such as the tourism sector or the agriculture sector and would allow for more targeted response measures.
- The current rapid impact assessment did cover predominantly formal enterprises. ILO is considering to conduct a diagnostic of the informal economy including size, sectors, groups most affected, causes, drivers and an assessment of the legal and policy frameworks and practices towards formalization.

⁵ UN Women (2017), *Women Working: Jordanian and Syrian Refugee Women's Labour Force Participation and Attitudes Towards Employment*. Average childcare costs as a share of women's median wages range from 123 per cent for primary school graduates to 77 per cent for university graduates.

Acronyms

CBJ	Central Bank of Jordan
Fafo	Fafo Institute for Labour and Social Research
ILO	International Labour Organisation
JGATE	Jordan Garments, Textiles and Accessories Exporters Association
JITOA	Jordan Inbound Tourism Operators Association
JSF	Jordan Strategy Forum
NAF	National Aid Fund
SSC	Social Security Cooperation
UNDP	United Nations Development Programme

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1 Introduction

The COVID-19 pandemic and its socio-economic impact are evolving rapidly, with the impact of the crisis not only driven and shaped by the repercussions of the spread of the virus on the broader economy in Jordan and elsewhere but also the nature of the government response in terms of movement restrictions and other emergency measures and the support of Jordan's key development partners. Efforts to contain the spread of COVID-19 are essential to protect lives and avoid the collapse of health services. While necessary, these measures have led to production disruptions, caused demand for many goods and services to plummet and forced enterprises around the world to suspend or scale down operations, with enormous negative consequences for economies, employment and workers.

Globally, according to ILO estimates, full or partial lockdown measures are affecting almost 2.7 billion workers, representing around 81 per cent of the world's workforce. Working hours will decline by 6.7 per cent in the second quarter of 2020, which is equivalent to 195 million full-time workers. Large reductions are foreseen in the Arab states (8.1 per cent, equivalent to 5 million full-time workers), Europe (7.8 per cent or 12 million full-time workers) and Asia and the Pacific (7.2 per cent or 125 million full-time workers).

Enterprises in the travel, tourism, hospitality, food service, retail and manufacturing sectors have been especially hard-hit, with large portions of their workforce vulnerable to layoffs. The ripple effect of mounting unemployment is compounding the stress on economies and is expected to lead to a global recession.

According to the World Bank, economic activity in the Middle East and North Africa is expected to contract by more than 4 per cent in 2020 as consumption, exports, and services activity such as tourism are severely disrupted by the pandemic. This is compounded by the plunge in oil prices affecting not only fiscal revenues in oil producing countries but also countries depending on remittances from the Gulf Cooperation Council (GCC) countries. For Jordan, the World Bank forecasts -3.5 per cent GDP growth rate.⁶

OECD estimates that "for each month of containment, there will be a loss of 2 percentage points in annual GDP growth."³ Global FDI flows have dropped, with a decline that could be between -30 per cent to -40 per cent during 2020-2021.⁴ In March 2020, emerging markets suffered a record-breaking portfolio outflow; equity and debt were -\$52.4 bn and -\$31.0 bn, respectively.⁷

This report presents the findings from a rapid assessment on the impact of COVID-19 on enterprises in Jordan. The assessment is aimed at providing evidence relevant for policy and programming purposes and support the development of sound measures in order to mitigate the effects of the pandemic on enterprises and workers. To this end, the ILO and UNDP have independently conducted a survey of enterprises in Jordan that resulted in a joint sample of sample of 1,190 enterprises (home-based businesses, micro and small businesses, as well as

⁶ World Bank, June 2020 *Global Economic Prospects*

⁷ Interventions to support enterprises during the COVID-19 pandemic and recovery https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_741870.pdf

larger enterprises) from which the findings presented in this report are drawn from. Furthermore, the report presents findings from in-depth interviews carried out by UNDP with key informants that provided contextual and case stories that supplement the findings of the survey data.

The first section of this report presents a brief account of some of the policy measures that have been introduced as a result of COVID-19, followed by a quick overview of findings from other enterprise surveys in Section 3. Section 4 describes the data collection processes and the underlying methods. Section 5 presents the background of enterprises participating in the survey while Sections 6 and 7 present the impact COVID-19 and lockdown measures had on their businesses and employees and the coping strategies they have adopted. Sections 8 and 9 provide findings on perceptions of the effectiveness of response measures and an analysis of the implication for workers. The final section discusses some policy recommendations and next steps.

2 COVID-19 related policy measures in Jordan

On 2 March 2020, the Government of Jordan announced its first case of COVID-19 in the country and began to implement strict measures to limit the spread of infection. On 17 March, all land and sea borders were closed, and all national and international flights ceased. On 21 March a full curfew was announced, with closure of most services in the country and inhabitants prohibited from leaving their homes. By 25 March limited movement was allowed on foot with strict evening curfews.

In early May, the government announced the gradual lifting of the lockdown, allowing all economic sectors to resume operations under strict social distancing and safety and health regulations. The government's response to the pandemic has been stringent. The long-term effect on the Jordanian economy, while yet to be fully known, is expected to be significant.

With businesses returning to work, the government is preparing a comprehensive long-term and medium-term economic recovery plan to address the consequences of the COVID-19 crisis on sectors and businesses.

Stimulating the economy and the labour market

The pandemic has affected enterprises of all sizes and types in unprecedented ways, including a substantial decline of economic activity, and disruption of supply chains. Micro, small and medium-sized enterprises (MSMEs) are particularly vulnerable, due to their limited cash reserves and assets compared to larger businesses, as well as lower levels of productivity.⁸

In Jordan, a number of measures have been taken to help stimulate the economy and lessen the impact of the pandemic on workers and businesses.

Two funds have been established to support enterprises at risk; one managed by the government, receiving donations from various entities and individuals; and the other managed by business leaders under the "Himmat Watan" Fund, (Nation's Efforts) receiving donations from the private sector. To support SMEs facing potential closure, the Central Bank of Jordan (CBJ) has established a fund for soft loans/low interest loans, with the Jordan Loan Guarantee Corporation acting as guarantor of the loans. Companies accessing these loans cannot fire workers during the duration of the loan.

Other measures by CBJ include dropping the interest rates by 0.5 point on 3 March (from 4 per cent to 3.5 per cent), and further by 1 point on 16 March (from 3.5 per cent to 2.5 per cent) and allowing banks to reschedule loans especially for sectors affected by the virus at no cost until the end of 2020; and reducing the cash reserve requirement from banks from 7 per cent to 5 per cent to release additional liquidity of around JD 550 million (USD 775 million).

The government has also announced it has postponed collecting sales tax from all local sectors and companies in the food supply and health sectors until they sell their goods, rather than upon signing contracts. It has allowed the companies listed under the Jordan Customs

⁸ https://www.ilo.org/wcmsp5/groups/public/---ed_emp/-emp_ent/documents/publication/wcms_741870.pdf

Department's golden and silver lists⁹ to pay only 30 per cent of their customs fees and postpone the payment of the remaining 70 per cent.

The Ministry of Labour has announced a number of measures to ensure the protection of workers' health and labour rights, including a hotline to receive complaints from workers on labour violations; and the issuance of guides for vital sectors on COVID-19 safety measures (i.e. food supplies, shopping, bakeries, pharmacies, grocery, water, gas, salary transfer, industrial establishments).

As for wage protection, the Government is promoting e-wallets, to ensure wage payments as well as health safety since wages will not be paid in cash/paper bills. In addition, workers and employers during the full lockdown have been granted temporary electronic mobility permits to allow them to reach their offices to handle issues relative to payrolls and ensuring that all wages are paid on time.

In addition, the International Monetary Fund's Executive Board approved in March 2020 an approximately \$1.3 billion Extended Fund Facility programme, in part to mitigate the impacts of the virus on vulnerable economic sectors and individuals¹⁰.

Supporting Enterprises, Jobs and Incomes – Jordan's Defence Orders

Defence Order No. 1

On 17 March 2020, Prime Minister Omar Razzaz announced the activation of the National Defence Law following a Royal Decree, which allows him to make legal decisions without referring to parliament for the duration of the crisis.

On 19 March the Prime Minister issued Defence Order No. 1 of 2020, which suspends some of the provisions of the Social Security Law and replaces them with the order. The order gave authority to the Social Security Corporation (SSC) to (1) allow enterprises to suspend old age contribution for 3 months starting 1 March 2020 while maintaining coverage for maternity, unemployment, death, and occupational health; (2) allow enterprises to pay social security contributions in instalments until end of 2023 without any interest or penalties; and (3) utilise 50 per cent of the maternity fund income of 2020 to provide in-kind support to the needy (such as the elderly and daily compensated workers). In addition, the government has formed a social protection team headed by Minister of Social Development and with a membership of the National Aid Fund (NAF), the Social Security Corporation, and national civil society organizations to protect the most vulnerable Jordanian households, through emergency cash and relief aid.

Defence Order No.6

On 8 April the Prime Minister issued Defence Order No. 6 to secure employment and wages for private sector workers, ease the impact of the COVID-19 measures on employers and employees and support a quick economic recovery. The Defence Order clarifies the rights and responsibilities of employers and employees and aims to guide the process of a gradual return to business.

⁹ The 'Golden List' programme, developed by the government, in which employers which comply strongly with provisions of the Labour Law are subject to administrative advantages (including exemption from the bank guarantee requirement stipulated in the Labour Law, in the event that the employer intends to recruit foreign workers).

¹⁰ <https://www.jordantimes.com/news/local/imf-approves-13-billion-extended-fund-facility-programme-jordan>

The Defence Order stipulates that for the period of 18 to 31 March (the first two weeks of the lockdown), all workers are entitled to their full wages (with no deductions fully or partially made for this period); including no deduction of workers' annual leave for absence of work. Workers who performed overtime work during the period of 1 to 18 March are entitled to overtime pay as normal and those who performed overtime work during the period between 18 to 31 March are entitled to the normal overtime payments.

Employers resuming productions after 1 April (with government approval) must comply with the Standard Operating Procedures issued by the Ministry of Labour. Workers who continue to work from this period are entitled to their full wages as well as ordinary overtime pay. Furthermore, employers can negotiate with workers to reduce their wages by no more than 30 per cent. This is strictly subject to individual workers' written consent. Such reduction would also need to apply to managers, supervisors, and top management and not only the workers.

Employers not resuming operations after the 1 April (who do not have the clearance to continue operations), are obliged to pay their workers 50 per cent of their wages provided it does not drop below the standard minimum wage (which for garment sector is JD 220 Jordanian Dinars, equivalent to USD 310).

Migrant workers employed in the country's Qualifying Industrial Zones, receive a total monthly wage of JD 220, which means deductions cannot be made as this is already the set minimum wage. In the case migrant workers receive a salary that is more than the minimum, a deduction of 50 per cent can be made provided it remains above minimum wage. In addition, factories wanting to make these deductions in wages must get approval from Ministry of Labour prior to doing so.

Institutions that cannot pay their workers' wages either in full or in part, can submit a request to the government to halt their operations. If the request is approved, workers will not get their wages during the suspension period but they will continue to receive food and accommodation and their contract will remain valid. In addition, the suspension period will not count towards the total duration of workers' stay in Jordan, which is three years.

Prime Minister Razzaz modified the Defence Order 6, enabling companies who have been most affected economically by the Coronavirus to reduce their employees' salaries by 30 per cent and to reduce annual leave days by 50 per cent for employees who did not work for a period of a month or above. The announcement, which listed 24 sectors¹¹ that can apply the decision to their businesses, also stipulates that workers who are not performing any work can have 60 per cent of their salaries deducted, with no consent required by the worker or the Labour Ministry, under the condition that their salaries do not fall below the minimum wage (JD 150) once the deduction is implemented.

[Defence Order No. 9](#)

Defence Order No. 9, issued on 17 April outlines programmes to protect businesses, freelance workers and daily wage workers, as well as help the private sector fulfil its obligations towards Defence Order No. 6.¹²

¹¹ The list sectors include tourism, restaurants, café, entertainment areas, lawyers' offices, audit agencies, cinemas, schools, wedding halls, conference halls, air, sea or land transport companies towards tourism, private museums and real estate agencies. It's important to note that the sectors were identified based on assessments led by the Ministry of Labor, Trade and Industry

¹² <https://www.jordantimes.com/news/local/govt-issues-defence-order-no-9-support-non-working-employees-employers-daily-wage-workers>

Under the Defence Order, a number of programmes have been introduced to help enhance job stability and sustainability of the private sector. The first ‘Tadamun’ (solidarity) programme supports establishments whose activities were completely or partially disrupted and whose workers are covered by provisions of the Social Security Law, specified in executive instructions of the SSC. Through this programme, the SSC will allocate 50 per cent of deducted wages of SSC-insured workers (for amounts ranging between JD 165 and JD 500). The establishment/employer, prior to disbursement, will pay the SSC 20 per cent of the deductible wages of SSC-insured workers, with a maximum of JD 250.

A second Tadamun’ (solidarity) programme benefits establishments whose activities were completely or partially disrupted, and whose workers are not covered by the provision of the Social Security Law. Under this programme, employers can apply for unemployment compensation insurance for non-working workers, in return for a one-time payment of JD 140 per worker covered by unemployment compensation insurance.

In addition, three support programmes have been introduced under Defence Order No. 9. The first benefits insured persons whose employment has been terminated, or insured persons who stopped working for establishments pursuant to Article 5 of Defence Ordinance no. 6 of 2020. Under this programme, eligible persons (who must have at least 36 monthly SSC subscriptions) are paid 50 per cent of their deductible wages (ranging between JD 150 to a maximum of JD 350 over three months).

A second support programme benefits insured Jordanians and non-Jordanians residing in Jordan. Under this programme, eligible persons are paid up to JD 450, disbursed over three months.

The third support programme is for those enrolled with SSC and whose last deductible wage does not exceed JD 500 a month. Eligible persons are required to apply for a cash advance from the SSC. Under this programme, eligible persons are paid up to 5 per cent of their total wage covered by the SSC (with a maximum of JD 450, disbursed over three months.)

On 5 May the Ministry of Labour published the number of companies that applied for support under Defence Order 6 as shown in the following Tables.

Table 1 Application received to reduce the workers’ wages by 50 per cent

	Amount	Approved applications	Rejected applications
Number of applications	3704	3443	261
Number of workers	185,256	143,869	41,387
Number of workers whose wages will be reduced	124,817	108,030	16,787
Reduction percentage	67 %	75 %	40 %

Table 2 Applications for closure of businesses

	Amount	Approved applications	Rejected applications	Under-processing
Number of applications	406	197	164	45
Number of workers	9,775	3,192	5,623	960
Number of workers covered by social security	8,439	2,914	4,926	599

Table 3 Received application for reduction of workers' wages per month

	April 2020	May 2020
Number of applications	1,647	1,796
Number of workers	78,230	65,639
Number of workers with reductions in wages	55,911	52,119

Defence Order 10

On 3 May Defence Order 10 was issued in relation to the submission of tax returns. This includes the scheduling of the withholding tax collected to the Income and Sales Tax Department is extended to 30 June 2020.¹³

Defence Order No. 11

Defence Order No 11 was issued in light of the government's decision to gradually ease curfew restrictions and allow various sectors to resume operations in May. The order highlights measures to be taken by entities, citizens and residents “to reduce as much as possible practices that may cause transmission of infection among people.”¹⁴

These include adhering to the prescribed distancing space and wearing a face mask and gloves prior to entering public entities, including ministries, government departments, official and public institutions and entities where services are provided directly to the public, including companies, institutions, establishments, malls, shopping centres and commercial stores, medical clinics and health centres.



¹³ <https://www.jordantimes.com/news/local/pm-issues-10th-11th-defence-orders>

¹⁴ <https://www.jordantimes.com/news/local/pm-issues-10th-11th-defence-orders>

“Health service providers and service providers in the entities referred to in Paragraph 1 of this clause, their co-workers and workers in delivery services are requested to wear masks and gloves and to deny visitors entry to these entities without wearing face masks or gloves.” Those who violate the order will be subjected to a fine and entities where violations have taken place will be closed for a period of 14 days.

The Minister of Health is authorised to set the date on which this Defence Order will take effect and issue the necessary instructions for its implementation.”

The Prime Minister Omar Al-Razzaz announced on 3 June that Jordan will lift most restrictions imposed to curb the spread of COVID-19, with mosques, restaurants and churches allowed to reopen. There will be "a period of general easing" of the lockdown; most restrictions imposed over the last two months to rein in the virus would be lifted from 6 June. The announcements come amid a decline in confirmed new infections to less than 10 per day over the last week. Tourism activities will also be allowed for Jordanian residents, with internal flights resuming and hotels re-opening. However, schools, universities and cinemas will stay closed and a suspension of international flights will remain. Social distancing measures will also stay in place.

3 Review of emerging COVID-19 surveys

Over the past two months, several other rapid impact assessments covering enterprises took place highlighting similar findings¹⁵. This section provides a short summary of some of these surveys:

Immediate impact on businesses

A large majority of businesses surveyed over the past couple of months reported to have had to shut down completely during the lockdown period. Many start-ups seemed to have managed to shift to remote work and a large minority of manufacturing businesses continued to operate albeit at smaller capacity. Cash flow was reported across all surveys as one of the main immediate challenges.

- 94 per cent of businesses surveyed by IPSOS reported that the lockdown led to a complete shutdown of their businesses with 91 per cent reporting a complete loss of revenue. Businesses working in the health-care sector and medium-sized companies were more resilient.
- A large majority (94 per cent) of businesses in the tourism and hospitality sector indicated a high level of threat due to the crisis compared to 85 per cent across all enterprises surveyed.
- In the industrial sector 44 per cent of companies surveyed by the Jordan Chamber of Industry continued to operate with more than 75 per cent of their production capacity at the time of the survey.
- Some entrepreneurs, according to a survey by Endeavor amongst start-ups, in the gaming, ed-tech, e-commerce and health-tech have experienced significant growth opportunities.
- Lack of cash flow was reported as the main issues across various surveys. 88 per cent of companies in the industrial sector (Jordan Chamber of Commerce) reported cash flow difficulties. Cash flow management was also the main challenge cited by start-ups with 72 per cent followed by fundraising 53 per cent (Endeavor) and SMEs participating in the IPSOS survey reported difficulties with paying rent (70 per cent) and paying salaries (47 per cent) amongst their top concerns.
- About one-half of the companies surveyed by the Jordan Strategy Forum (JSF)/ NAMA indicated that their monthly income would not cover their obligations at all, and 21 per cent to a small degree. About two-thirds of the companies saw their revenues decline by more than 75 per cent, and about 6 per cent saw their revenues increase by 75 per cent.
- The majority of start-ups surveyed by Endeavor, seemed to have managed the transition

¹⁵ Surveys reviewed include:

Analyseize, April 2020, Impact of Shutdown on Private Sector Amidst COVID-19 – Businesses Questioning Government Economic Measures. The poll covered 345 companies.

Endeavour, May 2020, Entrepreneurs' Response to Managing Through Crisis focusing on 110 founders of start-ups <https://drive.google.com/file/d/1EDdQqjad7qhWjwCeHGKXs01CV023yKP/view>

IPSOS and Kinz, May 2020, C19 Impact Series SME Edition covering 290 SMEs

Jordan Strategy Forum/ NAMA Intelligence, April 2020 with 506 business owners.

Jordan Chamber of Industry, April 2020 Industrial Companies Needs Assessment in the Light of the COVID-19 Crisis. This survey covered 330 industrial companies.

to remote work with 30 per cent describing the transition as smooth and another 39 per cent as smooth but with some challenges.

Responses to the crisis

The majority of businesses surveyed have laid off employees.

- Amongst companies participating in the IPSOS survey only 4 per cent had already laid off employees at the time of the survey and 10 per cent were planning to do so in the future.
- More than a third of the companies surveyed by Analyzeize suggested that they were considering to cut back on salaries (37 per cent).
- Amongst industrial companies surveyed by the Chamber of Industry, about a quarter of companies were considering layoffs but the majority (53 per cent) of those considering layoffs expect them not to exceed 10 per cent of the existing workforce.
- The JSF/ NAMA survey was more pessimistic with about half of companies suggesting that they were expecting to reduce the number of workers (24 per cent very much, 28 per cent to some extent).

Crisis preparedness/ adjusting business models

All assessments highlighted limited preparedness of businesses. This is worrying as the ability to quickly adapt and adjust the business model will be key for survival. Digital transformation, as one of the most important ways of adapting and to capture new markets, was highlighted across different surveys. With shifting consumer behavior towards digital solutions, many businesses are shifting towards e-commerce and online platforms to retain customers and explore new markets.

- Amongst start-ups participating in the Endeavor survey, only 7 per cent responded that they were fully prepared to take on the challenge. However, close to half of the respondents have already transformed their businesses today and 64 per cent plan to sustain this transformation while 68 per cent will introduce a hybrid of the old and new business models.
- The crisis is accelerating digitalization and automation processes. Amongst start-ups more than 60 per cent are planning to invest immediately into digitization and more than 80 per cent in coming 6 to 8 months.¹⁶
- 42.6 per cent of companies in the industrial sector were considering e-marketing and about one-third (36.6 per cent) of companies in the industrial sector were considering shifting to new products or systems, according to the Chamber of Industry. 70 per cent of industrial companies surveyed did not believe that they would be able to maintain their traditional markets, and 65 per cent expected to find new markets.
- A large majority of SMEs participating in the IPSOS survey, intended to change the way they manage their business in the future particularly in terms of cutting direct costs and better cash flow management (77 per cent) followed by digitization (56 per cent) and supply chain and logistics (43 per cent).

Government response measures

While most polls suggest that Jordanians largely trust the government's response to COVID-19, Analyzeize's poll of 345 companies found that many businesses do not believe that the government has a clear plan for supporting the economy (80 per cent) and there appears to

¹⁶ Endeavor, *ibid.*

be low trust amongst businesses in the government measures in support of the private sector (24 per cent).

Respondents of the JSF/NAMA survey showed great awareness of government response measures. 84 per cent of respondents had heard about the JD 500 million CBJ package and about one-half suggested that they intend to apply to the programme.

Tax relief measures topped the list of support measures most needed with 72 per cent, followed by payment deferrals and loans (68 per cent) and increased government spending, removal of import restrictions (66 per cent) according to the IPSOS survey. Another 62 per cent suggested support in rent deferrals and relief measures.

Future outlook/ confidence

Many businesses surveyed by IPSOS share a negative outlook about the future of the business, as 49 per cent are not confident to survive the current crisis. This was even higher (68 per cent) amongst companies in the tourism and hospitality sector and service sector (54 per cent). A majority of small businesses (63 per cent) and 42 per cent of medium businesses confirmed that they would be unable to financially sustain themselves beyond April, so the easing of lockdown restrictions was very timely.

4 Methodology

This assessment is based on a dataset comprising enterprise survey data collected by ILO and UNDP. The two organizations collaborated on survey design, including the content of the questionnaires, but implemented the data collection independently, and with different sampling strategies. However, the similarity of the questionnaires—the principal difference being that the UNDP questionnaire was somewhat shorter than the ILO questionnaire (see below)—enabled us to merge the two datasets into one. The data generating processes for the two surveys are described in this section. Furthermore, UNDP interviewed a separate sample of enterprises, data which were not merged into the main dataset and are analysed separately. Finally, the survey datasets were complemented by key informant interviews conducted by UNDP.

4.1 The survey samples

The sample for the ILO enterprise survey was drawn from the ILO database comprising: *«all enterprises that have participated in ILO’s programme and project activities»*.

The ILO database is mainly a result of its employment centres designed to facilitate job matching for job-seekers and employers. All available enterprises in the ILO database have been selected for the survey resulting in the inclusion of a total of 1,355 enterprises in the survey.

The UNDP survey of enterprises used three different databases to sample altogether 2,584 enterprises out of 38,471: (i) The Municipal Property Tax database was mainly used to sample a variety of registered businesses and home-based businesses throughout the Kingdom (except for businesses registered within the Greater Amman Municipality and Aqaba Special Economic Zone). This included businesses from the services, manufacturing and agriculture sectors (2,113 enterprises); (ii) Data from the IRADA Program¹⁷ database was used to sample registered businesses in the services, manufacturing and agriculture sectors from within the Greater Amman Municipality (329 enterprises); and (iii) The Ministry of Digital Economy and Entrepreneurship (MODEE) Tech-start-up database was used to purposefully sample tech-start-ups (142 enterprises).

In a separate data collection effort, UNDP captured responses from enterprises receiving direct support from different UNDP programs and activities. The sample included 270 such UNDP beneficiary enterprises across seven governorates (Mafraq, Zarqa, Amman, Irbid, Ajloun, Jerash, Karak, Madaba and Balqa). The enterprises included micro, small and home-based businesses, that are both formal and informal with regards to their registration status. This sample was not merged with the other datasets but analysed separately (see Section 10).

The ILO and UNDP samples are not nationally representative, nor do they cover all kinds of businesses in any representative manner, and so our findings cannot be extrapolated to a regional or national level, nor to all businesses in Jordan. Nevertheless, although the assessment is not statistically representative, studying enterprises supported by organizations such

¹⁷ IRADA is a government funded program that aims to assist the establishment of various productivity projects by providing advisory services and technical training to Jordanian businesses

as the ILO and UNDP provides valuable insights and knowledge relevant for the formulation of interventions and policies in times of crises.

4.2 Questionnaires

ILO and UNDP developed a structured questionnaire together. The type and complexity of questions affect the quality of survey data and the likelihood that respondents will participate, including again in one or more subsequent rounds. As a result, the survey questionnaire was kept short and concise, avoiding very detailed questions or questions with long lists of answer choices. A modular questionnaire design was developed, i.e. the questionnaire was divided into smaller segments each tackling different topics and addressing different categories of respondents (e.g. from enterprises of various sizes).

Whilst ILO used the full version of the questionnaire (see Annex), UNDP conducted the data collection with a shorter version of the questionnaire. Both questionnaires were translated and administered in Arabic.

4.3 Data collection

The ILO enterprise survey

The ILO survey was conducted using computer-assisted telephone interviewing (CATI). The data capture programme was developed using KoBoToolbox and administered using smart mobile phones.

The ILO recruited 20 interviewers and three supervisors to implement the data collection activities. Fafo provided a one-day virtual training to the three supervisors who in turn trained the 20 interviewers and two controllers. The data collection was conducted during 14-29 April. The data was stored in a dedicated and secure server, which has become a standard in humanitarian practices (<https://www.humanitarianresponse.info>). The data collection resulted in 714 completed interviews with representatives of the enterprises, a response rate of 53 per cent (Table 4).

Table 4 Interview status, the ILO survey

	Frequency	Percent
Completed	714	53
Refusals	127	9
Telephone unreachable	114	8
Call not answered	168	12
Other	232	17
Total	1355	100

The UNDP enterprise survey

UNDP conducted two data collection exercises with the first one aimed at utilizing databases from Jordanian authorities while the second one is focused on enterprise that receive support from the UNDP.

For the first sample of enterprises, UNDP outsourced the data collection to the survey company, Crystel Call. A team of 15 interviewers implemented the data collection from 19 to 26

April. Data was initially captured using “Genesys” software and later exported to Excel/SPSS format for analysis. The data collection activities resulted in a response rate of 18 per cent with 476 completed interviews with representatives of the enterprises (Table 5). The high non-response is mainly explained by the fact that the databases are not up to date with regards to basic information required for the survey such as active telephone numbers.

Among the total of 476 completed interviews, 72 per cent are from the Municipal Property Tax database while 25 per cent are from IRADA program database and the remaining 3 per cent are from MODEE database.

Table 5 Interview status, UNDP survey

Status of call	Frequency	Percent
Completed	476	18
Refusals	122	5
Telephone unreachable or busy	1,059	41
Call not answered	695	27
Other (including incomplete responses)	232	9
Total	2,584	100

For the second sample drawn from UNDP beneficiaries, five of its staff conducted the data collection during 23 to 28 April 2020. A response rate of 55 per cent implies an effective sample of 155 enterprises. The resulting dataset is analysed separately and the findings are presented in Section 10.

4.4 Limitations

The data used in this report are not representative of all enterprises in Jordan. Furthermore, a number of challenges were faced during the course of the survey activities, which impose some limitations that need to be kept in mind when interpreting the results. These include low response rates and limited representation of informal enterprises in the sample.

Despite these limitations, the findings presented in this report provide insights on how the COVID-19 pandemic is affecting enterprises. To capture the impacts of COVID-19 in a dynamic manner, the surveys are designed as a panel structure where the samples of enterprises will be interviewed repeatedly. Some of the limitations will be addressed in subsequent rounds of data collection.

5 Characteristics of the surveyed enterprises

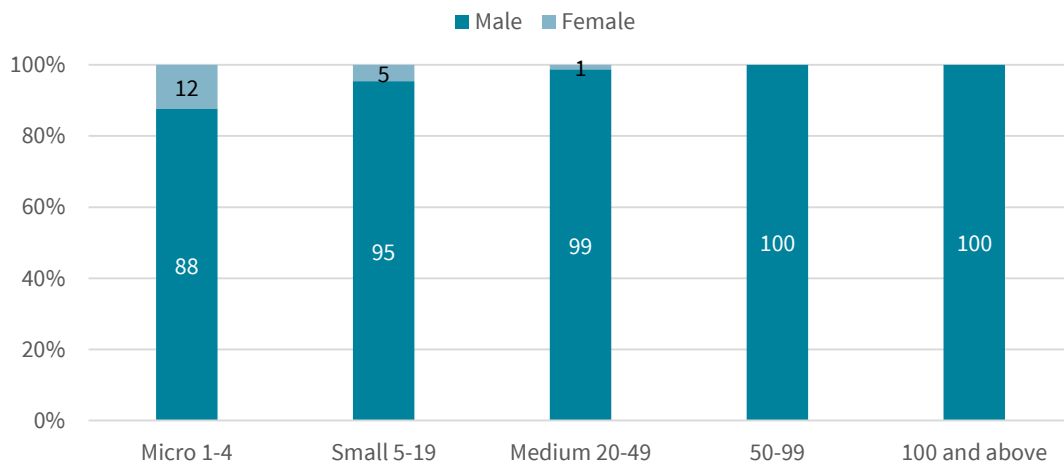
This section presents the profile of the enterprises in the dataset, which is used in the subsequent Sections (6-9). Explicit remarks are provided for statistics where a smaller sample is used—as mentioned above, the questionnaire used by the UNDP was slightly shorter.

A total of 1,082 respondents provided information about the location of their enterprises. The majority of them are located in Amman (74 per cent), followed by Irbid (13 per cent) and Jerash (6 per cent). The majority of the enterprises are owned by Jordanians (87 per cent) while 3 per cent are owned by Syrians. Among the rest, some enterprises have owners of multiple nationalities but mainly Jordanians (2 per cent), others have equal share among Jordanians and Syrians (1 per cent), while the remaining enterprises are owned by people of other nationalities.

Almost all of the surveyed enterprises (97 per cent) are registered with relevant authorities. Therefore, this assessment is mainly valid for formal enterprises. The majority of the enterprises were micro enterprises with less than four employees (41 per cent), 28 per cent were small enterprises with 5 to 19 workers, 13 per cent had 20 to 49 workers, 8 per cent had 50 to 99 workers, while 10 per cent of the enterprises had more than 100 employees.

Only 8 per cent of the enterprises were owned by women. Female ownership was more common amongst micro enterprises (12 per cent) and is reduced with increased size of the enterprise (Figure 1).

Figure 1 Ownership by size of enterprise (number of workers) and gender (per cent)



The enterprises are distributed across 19 different industries using the International Standard of Industrial Classification (ISIC) system. However, the majority of them are in the manufacturing sector (38 per cent), followed by wholesale and retail trade (11 per cent), mining and quarrying (10 per cent) and accommodation and food services (10 per cent). The remaining 31 per cent are from various sectors with small sample sizes and are classified in one category as “other industries”.

The majority of enterprises have been operational for more than 5 years: 27 per cent have existed for 5-10 years and 45 per cent for more than 10 years. For businesses with more than 100 workers 80 per cent have been operating for more than 10 years. Few businesses were younger than 1 year (4 per cent) or 1 to 2 years (12 per cent). The age of the enterprises along with their size is shown in Table 6.

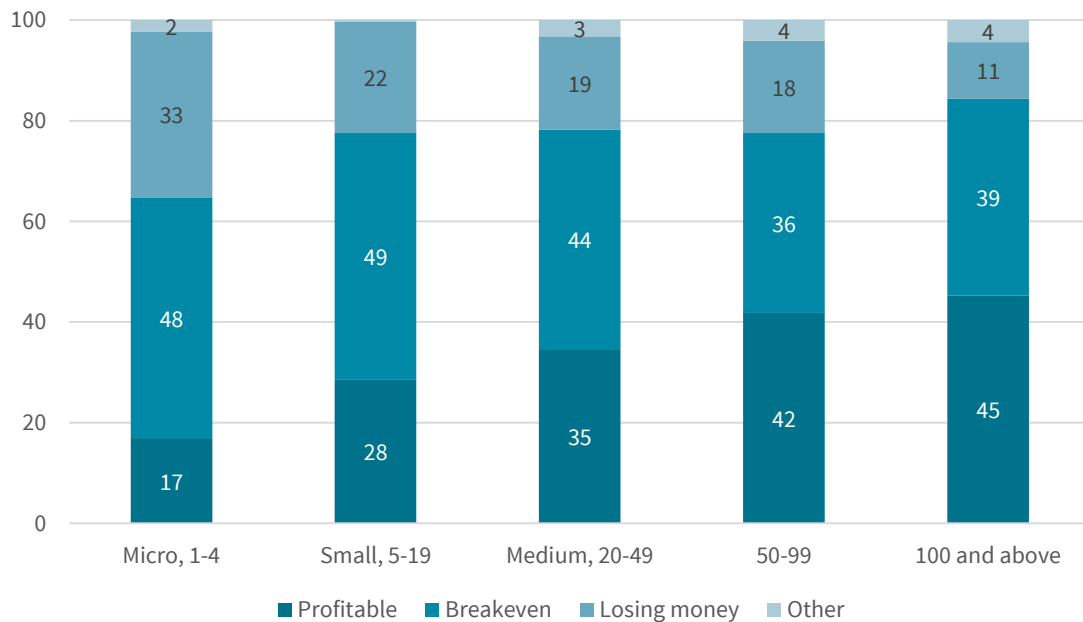
Table 6 Years of operation by size (per cent)

	Less than 1 year	1-2 years	3-4 years	5-10 years	More than 10 years	Total	
						Total	Sample size
Total	4	12	12	27	45	100	1,185
Size of enterprise by number of employees							
Micro, 1-4	8	19	16	27	30	100	489
Small, 5-19	2	11	15	27	45	100	330
Medium, 20-49	1	5	8	28	59	100	155
50-99	1	1	6	29	63	100	97
100 and above	-	-	3	18	80	100	114

n=All enterprises

Only 27 per cent of the enterprises were profitable prior to the onset of the crisis, whilst 46 per cent were breaking even and 25 per cent were losing money. Particularly, micro-enterprises (33 per cent) were losing money prior to the crisis (Figure 2).

Figure 2 Financial status prior to the onset of the COVID-19 crisis by size of enterprise (per cent)



The extent to which the enterprises have existing financial commitments is important for their current ability to take on new ones. About a third (37 per cent) of 1,185 enterprises have bank loans, and larger enterprises (those with 50 workers and more) seem to rely more on bank loans than other enterprises. Micro enterprises more often tend to have microfinancing loans than other enterprises (Table 7). Three in ten companies have deferred cheques.

Table 7 Existing financial commitments by size of enterprise (per cent)

	Micro-finance loan	Bank loan(s)	Bills of exchange	Deferred Cheques	Open letters of credit	None	Sample size
Total	11	37	10	30	5	35	1,185
Size of enterprise by number of employees							
Micro, 1-4	15	35	9	18	2	40	487
Small, 5-19	12	33	10	35	2	33	330
Medium, 20-49	7	38	15	41	10	30	156
50-99	4	45	11	44	8	31	98
100 and above	6	49	11	37	17	29	114

n= All enterprises. Multiple response, so the row percentage add up to more than 100.

Very few of the enterprises surveyed offer childcare facilities, flexible working arrangements or parental leave, key to facilitate working from home and for parents, particularly mothers. Out of 1,187 enterprises, 74 per cent indicated that they had none of these arrangements/non-pay benefits in place. It is enterprises of more than 100 workers, which most often provide such arrangements: 26 per cent offer family leave; 17 per cent have childcare services in place; and 10 per cent offer flexible working arrangements (Table 8).

Table 8 Arrangements provided by enterprises by size (per cent)

		Childcare services	Flexible working arrangements	Family leave	None	Sample size
Total		3	7	21	74	1,187
Size of enterprise by number of employees	Micro, 1-4	1	4	20	77	488
	Small, 5-19	1	11	25	70	330
	Medium, 20-49	3	4	17	79	156
	50-99	2	7	16	82	98
	100 and above	17	10	26	58	115

n=All enterprises. Multiple response and percent may add up more than 100.

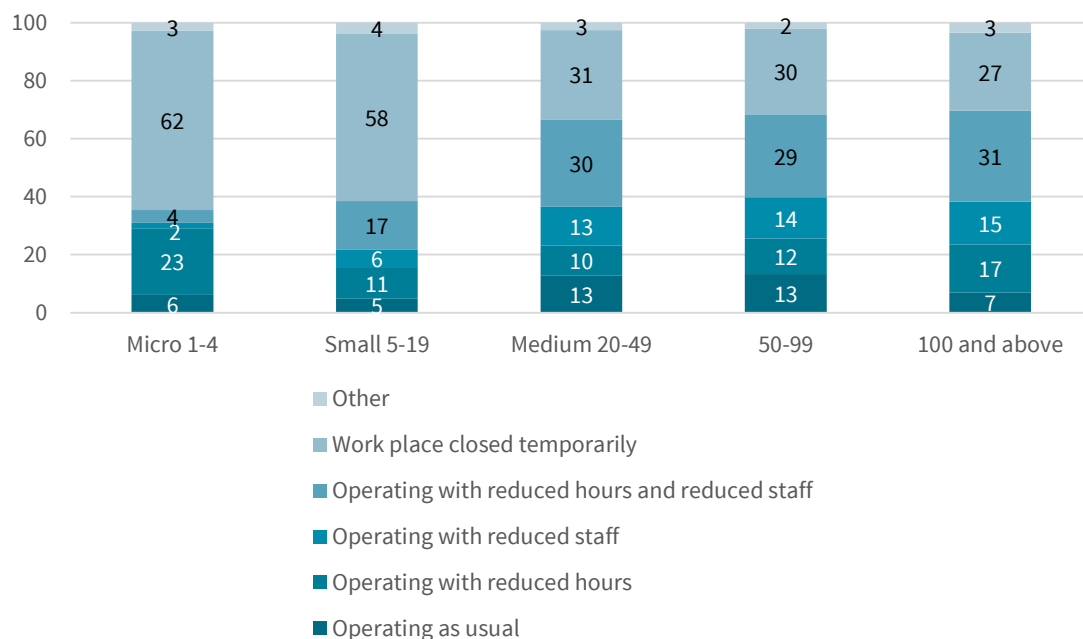
6 Impact of COVID-19 and response measures by businesses

The COVID-19 pandemic and the associated response measures are having a major impact on Jordanian enterprises. Practically all enterprises surveyed for this assessment report cash flow challenges, reduced demand and supply, and disruption to value chains. Furthermore, the vast majority of them expect major decline in projected revenue.

Operational status

At the time of the survey, only 7 per cent of the 1,190 surveyed enterprises were operating as before the pandemic. 39 per cent were operating with reduced staff and/or reduced hours, while 51 per cent of the enterprises had closed their operations temporarily. A larger share of micro (62 per cent) and small enterprises (58 per cent) had temporarily closed down their operations compared to medium and larger enterprises (less than 31 per cent) (Figure 3).

Figure 3 Operational status of enterprises by size (per cent)



Economic impacts

Almost three quarters (73 per cent) of surveyed enterprises faced challenges from reduced demand and sales, while 59 per cent of the enterprises reported loss of revenue and 52 per cent liquidity problems. As reduced demand and sales lead to loss of revenue, all enterprises that were reporting loss of revenue also reported reductions in demand and sales (Table 9). Economic impacts are quite evenly distributed among enterprises of different size. However, significantly larger shares of small and micro enterprises seem to increase their debts to cope with the crisis. This might lead to a high number of bankruptcies among these enterprises if the crisis continues, or in the aftermath of the crisis.

Table 9 Economic impacts of COVID-19 by size

	Loss of revenue	Reduce demand / sales	Increased costs of production	Access to cash/liquidity problems	Problems importing materials needed	Increased revenue	Increased debt	Bankruptcy	No economic impact	Total	
										Total	Sample size
Total	59	73	24	52	21	1	14	3	5	100	696
Size of enterprise by number of employees											
Micro 1-4	68	73	15	55	18	1	22	4	4	100	158
Small 5-19	55	71	19	46	14	1	17	2	4	100	223
Medium 20-49	58	75	32	56	25	2	7	2	6	100	130
50-99	56	76	29	54	26	1	9	1	7	100	87
100 and above	59	74	34	53	30	-	6	2	4	100	98

n= All enterprises. Multiple response and percent may add up more than 100.

Box 1 Effects of travel and import restrictions on tourism and manufacturing enterprises

As should be expected, one of the hardest hits sectors is tourism - including travel and hospitality services. The introduction of movement restrictions, closure of airports and border crossings has resulted in many cancellations of bookings and a virtual halt to the sector. The Chairman of the Jordan Inbound Tour Operators Association (JITOA)¹⁸ expects that up to 40,000 jobs will be lost in the hospitality sector, related coach transport and among tour operators. Recovery is not expected before the first quarter of 2021, with international travel restrictions and a global economic recession likely to lower demand for travel to Jordan from Europe, USA and Asia.

“Tourism is one of the hardest hit sectors, the sector GDP contribution has been JOD 4 billion (USD5.6 billion) or 13 per cent of GDP. [...] The government response measures for tourism are modest, to encourage only domestic tourism packages, which are not sufficient to compensate for the economic impact of tourism and hospitality sector. I expect unemployment in the sector to reach 35,000 lost jobs given the closure of tourism offices, hotels, transport and travel agents, and given the longer-term prospects for recovery – not until first quarter of 2021.”

Awni Kawar, Chairman, Jordan Inbound Tourism Operators Association (JITOA)

Another hard-hit sector has been the garment, textile and apparel sector, currently providing employment for about 25,000 Jordanian blue-collar workers and 50,000 migrants. According to the Jordan Garments, Textiles and Accessories Exporters Association (JGATE), 30 per cent of staff are expected to lose jobs in May/June, a majority of whom women (70 per cent). JGATE estimates a decline in exports of around USD 500m this year which will have further knock-on effects on the logistics and transport sector and a decrease in government revenues (by an estimated 12 per cent) from lost customs fees, income and sales tax relating to export orders from retailers and major wholesalers in the USA and Asia¹⁹.

Ability to pay wages

The vast majority of surveyed enterprises (84 per cent) would not be able to pay wages to their employees if the situation prevailing at the time of the survey would continue for more than 3 months. Half of these enterprises are only able to pay wages for a month or less. Ability

¹⁸ Key informant interview with Jordan Inbound Tour Operators Association, JITOA

¹⁹ Key informant interview with Jordan Garments, Textiles, Accessories Exporters Association

to continue paying wages is highly related to the size of the enterprises. While about 84 per cent of the largest enterprises (with more than 100 employees) are able to continue paying wages beyond one month, only 45 per cent of the micro business are able to do so. Those enterprises that were in good financial condition were able to pay their employees for a longer period compared to those that were not. However, the majority of larger enterprises would also be struggling to continue paying wages for more than 3 months if the situation prevailing at the time of the survey would continue.

Table 10 Expectations on ability to pay wages by size and financial conditions (per cent)

	Less than one month	1-3 Months	4-6 Months	More than 6 months	Total	
					Total	Sample size
Total	42	42	5	10	100	1,190
Size of enterprise by number of employees						
Micro 1-4	55	30	5	10	100	491
Small 5-19	44	46	2	8	100	330
Medium 20-49	33	49	6	12	100	156
50-99	23	58	3	15	100	98
100 and above	16	63	7	15	100	115
Financial status prior to lockdown						
Profitable	26	54	5	15	100	324
Breakeven	45	41	5	8	100	545
Was losing money	56	33	4	8	100	295
Other	38	31	4	27	100	26

n=All enterprises

Ability to continue operations

More than half of the surveyed enterprises (56 per cent) expected that they would be in operation for less than 3 months in case the prevailing situation at the time of the survey would have continued. Around a quarter of the enterprise did not know if they would stay operational reflecting the level of uncertainty prevalent among the enterprises. Only 13 percent of the enterprises expected to stay in operation for more than three months (Table 11). Similar to their ability to continue paying wages, the smallest enterprises were more likely to close down within one month compared to the medium and larger enterprises. Those enterprises that were in poor financial situation prior to the lockdown were highly likely to close down sooner than those that were in a relatively good financial situation prior to the lockdown.

Table 11 Expectations on ability to continue operations by size and financial conditions (per cent)

	Less than a month	1-3 months	4-6 months	More than 6 months	Don't know	Total	
						Total	Sample size
Total	26	30	4	13	27	100	1,190
Size of enterprise by number of employees							
Micro 1-4	30	24	4	13	30	100	491
Small 5-19	32	30	4	9	25	100	330
Medium 20-49	17	38	6	15	24	100	156
50-99	15	40	6	13	26	100	98
100 and above	10	40	6	17	26	100	115
Financial situation prior to lockdown							
Profitable	20	29	5	17	30	100	324
Breakeven	26	32	4	11	26	100	545
Was losing money	31	28	5	10	26	100	295
Other	19	31	4	23	23	100	26

n=All enterprises

Biggest obstacles facing the enterprises in the coming months

Reduced sales (63 per cent) and low liquidity and cash flow problems (46 per cent) were reported to be the biggest obstacles to continued operations for the surveyed enterprises in the months to come (Box 2 **Transport and access to work**)

Transport and access to work is a major challenge for many manufacturing companies, particularly in the garments and textile sector, in which production costs increased considerably through the provision of shuttle buses, since public transport is not available during the lockdown and limited in capacity offering due to social distancing measures.

“The transport challenge has had the biggest impact on access for women. I am based in Marka, since many women come from Rusefish, Zarqa, very few own a car for pooling. The bus was stopped from Zarqa. I was able to provide a shuttle bus for few but not all. They all received salaries, I apply Health and Safety in factory; all work in sterile environment”,

Rasha El Eid, CEO, Juman Pharmaceuticals and Cosmetics.

Table 12). The cash flow challenges were more prominent (more than 50 percent) among those enterprises who were breaking even or losing money prior to the imposition of the lock down. Reduced sales and demand concerns were key issues for enterprises across all sizes. The ability to restore markets and consumer confidence would be vital to renew demand and sales, including identifying new regional and international export markets, diversifying products and production and packaging standards.

Transport problems were also reported to be a major obstacle for all types of enterprises, particularly among the medium and larger enterprises (28-30 per cent). However, accessing the workplace remains a key issue also for micro and small enterprises (18-19 per cent), particularly for women-owned businesses.

Box 2 Transport and access to work

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Rasha El Eid, CEO, Juman Pharmaceuticals and Cosmetics.

Table 12 Biggest obstacles facing enterprises by size (per cent)

	Reduced sales/demand	Restrictions on foreign currency	Bank shutdowns	Political/social instability	Low liquidity/cash flow problems	No restocking of goods/raw materials because of import restrictions	Transportation problems	Loss of investment	Other	Total	Sample size
Total	63	4	7	13	46	15	22	12	11	100	1,190
Size of enterprise by number of employees											
Micro 1-4	58	1	2	7	45	15	19	13	11	100	491
Small 5-19	63	2	5	11	44	11	18	15	11	100	330
Medium 20-49	67	8	15	27	49	16	28	9	11	100	156
50-99	70	10	18	13	46	17	30	6	14	100	98
100 and above	67	10	11	23	52	26	30	11	12	100	115
Financial status prior to the lockdown											
Profitable	61	4	5	15	27	11	14	13	12	100	324
Breakeven	63	4	7	12	53	18	26	11	11	100	545
Was losing money	65	2	6	11	55	17	24	15	7	100	295
Other	46	12	8	19	23	-	19	4	38	100	26

n= All enterprises. Multiple response and percent may add up more than 100.

Assumed robustness of the enterprises

As for the impact of the crisis on overall business confidence, over one-half of the surveyed enterprises (52 per cent) were confident that they will weather the crisis and resume profitability when the crisis is over, while 21 per cent were not confident of their economic resilience and robustness (Table 13). There was a high level of uncertainty with respect to robustness among all surveyed enterprises, though apprehension was found to be particularly high for micro enterprises (29 per cent). A larger share of enterprises that were profitable prior to the onset of the crisis were also confident that they would survive the crisis (63 per cent) compared to the enterprises that were losing money prior to the crisis (41 per cent).

Table 13 Level of confidence on enterprise robustness to come through the COVID-19 crisis by size, and financial status (per cent)

		Highly confident	Confident	Neither	Unconfident	Highly unconfident	Total	Sample size
Total		13	39	27	17	4	100	1 190
Size of enterprise by number of employees	Micro 1-4	10	39	22	23	6	100	491
	Small 5-19	12	35	34	16	4	100	330
	Medium 20-49	17	42	30	10	1	100	156
	50-99	21	38	32	9	-	100	98
	100 and above	20	50	20	7	3	100	115
Financial status prior to the lockdown	Profitable	22	41	26	10	2	100	324
	Breakeven	12	42	26	16	4	100	545
	Was losing money	7	34	28	25	6	100	295
	Other specify	19	15	42	12	12	100	26

n=All enterprises

7 Enterprises' coping strategies

The ability of companies to survive the economic crisis will depend on multiple factors including how agile companies are in ensuring business continuity and adapting their business processes. Only one-quarter of the surveyed enterprises reported that they had developed business continuity plans as a response to the crisis. There was no major difference between enterprises of various size in this respect, although a slightly larger share of large enterprises had developed plans compared to smaller enterprises (Table 14). Somewhat surprisingly, a larger share of unregistered enterprises had developed plans (33 per cent) compared to registered enterprises (25 per cent). However, this could also just reflect that a larger share of large enterprises had developed business continuity plans prior to the crisis.

Table 14 Enterprise business continuity plan status by size (per cent)

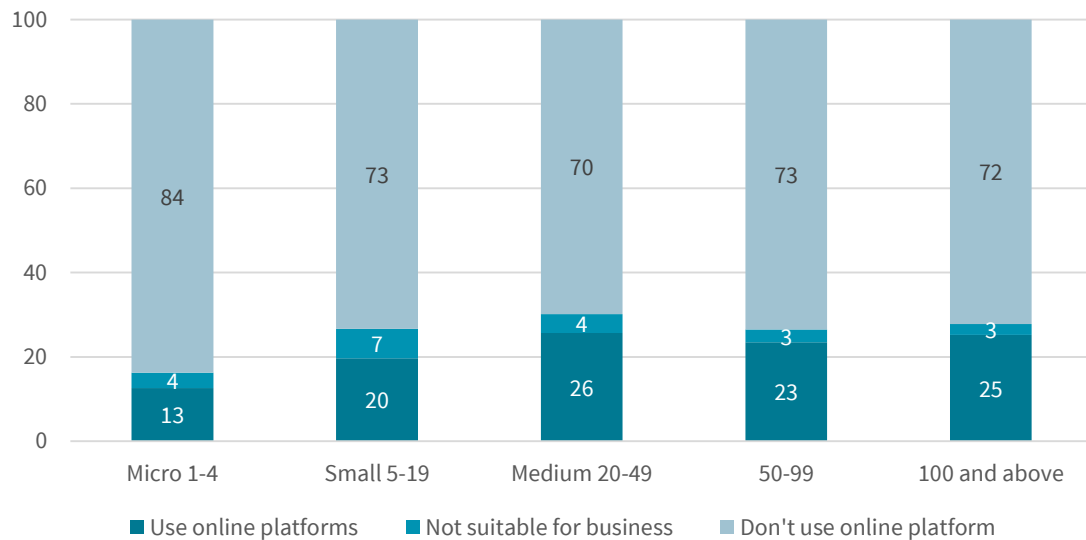
	No business continuity plan	Have business continuity plan	Total	
			Total	Sample size
Total	75	25	100	1,190
Size of enterprise by number of employees				
Micro 1-4	77	23	100	491
Small 5-19	76	24	100	330
Medium 20-49	74	26	100	156
50-99	74	26	100	98
100 and above	70	30	100	115

n=All enterprises

Use of e-commerce and website platforms for marketing and sales

With many customers shifting to online platforms during the lockdown, businesses already using e-commerce or website platforms for sales and marketing were likely to be better equipped to respond to the crisis and retain - or even grow - their customer base. Only 18 per cent of the surveyed enterprises were using such platforms. Micro businesses were using web-site platforms to a lesser degree (13 cent) than larger enterprises (20-26 per cent).

Figure 4 Enterprises' use of online platforms by size (per cent)



Measures taken to ensure business continuity

Only about one-quarter of the surveyed enterprises reported that they had taken any measures to ensure business continuity. Among the enterprises that had taken measures (Table 15), the largest share was considering new business models (28 per cent) while relatively large shares were also considering introduction of e-commerce (16 per cent) or new products (15 per cent).

Large enterprises with more than 100 employees were responding to the crisis by negotiating with lenders for lowering the financing cost and extending the repayment cycle (29 per cent), and delay of payments (50 per cent). This might indicate that large enterprises may have more bargaining power than smaller enterprises. The delay in payments by larger enterprises might affect suppliers and sub-contractors that may not have the financial liquidity and cash flow to handle this challenge. This is particularly true for packaging material, printing houses, logistics service providers, which are an integral part of the value chain for the manufacturing sector.

Table 15 Measures taken to ensure business continuity by size (per cent)

	Consider new business model	Introduced e-commerce	Selling some assets	Considering introduction of new products	Reduce prices of products and services	Increase prices of products and services	Negotiate delay of payments	Decided to accelerate technological, product and service innovation	Explored new office and business models	Strengthened global reach of supply chain	Planning to withdraw from market	Negotiate with lenders for lowering the financing cost and extending the repayment cycle	Negotiate with the lessor for the reduction or exemption of rent, equipment rental fees	Shut down certain production lines, outlets	Apply for subsidies	Other specify	Total	Sample size
Total	28	16	2	15	12	1	20	3	3	5	2	13	7	3	5	19	100	295
Size of enterprise by number of employees																		
Micro 1-4	37	17	3	13	9	1	8	1	1	-	3	4	2	-	5	21	100	115
Small 5-19	24	15	4	15	10	-	19	3	3	1	1	11	10	-	9	20	100	80
Medium 20-49	17	5	-	17	20	2	24	5	5	15	2	24	10	10	-	15	100	41
50-99	24	20	4	28	12	4	32	4	8	16	-	16	12	4	-	8	100	25
100 and above	24	24	-	12	18	3	50	6	9	15	-	29	12	12	6	26	100	34

n= All enterprises. Multiple response and percent may add up more than 100.

There has been some discussion on ‘how to rebuild better’ or on how businesses can learn from the crisis to emerge stronger than others in the industry. To do so, businesses need to plan now to retool the business for the future. This includes looking at rethinking strategic priorities and invest in or acquire key capabilities to leapfrog and anticipate the industry’s evolution and using digitalization and partnerships to help organizations and operations increase resilience, scale and speed. Digital transformation can help companies remain competitive and relevant and enable them to become “future-fit”. Digital transformation not only relates to technological transformation, which entails integrating technology in all areas of business and by that fundamentally altering how businesses operate and deliver value to their customers, but also an organizational and cultural transformation, that requires organizations to continually challenge the status quo, experiment and get comfortable with failure.

Box 3 How to rebuild better?

Several companies interviewed as part of the in-depth key informant interviews, perceived the costs of internet and video tele-conferencing as being particularly high in Jordan given the necessity of remote working. Several felt that telecommunication companies and the regulator should take a proactive role in further supporting remote working solutions, and the provision of internet and high bandwidth subscriptions at more competitive rates. This would allow them to cut administrative and rental costs post-crisis, as it would allow management and executive staff to work from home.

“We plan to open new markets in Saudi Arabia, Gulf markets and Far East. We have registered with Ali Baba for online and e-commerce sales. This year all exhibitions are closed. We are going to virtual markets; we have activated online e-commerce portal. We are activating export portal, to send samples via courier now takes 14 days. We are also in contact with Asian markets, Hong Kong, UK etc. Overall, we are going to online B2B to double the sales; this year we want to maintain same level of production, however I am not optimistic we can expand.”

Rasha El Eid, CEO, Juman Pharmaceuticals and Cosmetics.

Building back better may also require greater attention to investing in renewable energy and clean technologies which could also lower the energy and production costs for Jordanian companies. EDAMA Chairman Dr. Dureid Mahasneh indicated that increasing renewable energy and clean technologies would reduce production and operating costs for the manufacturing and agricultural sector and support services, such as public transport, which are vital for the business continuity and economic recovery post COVID-19. He cited the importance of encouraging public infrastructure projects in transport, energy and water through Public Private Partnerships, to attract investment and inject capital in the market for the construction and manufacturing sectors, including providing jobs and livelihood opportunities in the hardest hit governorates and sectors.²⁰

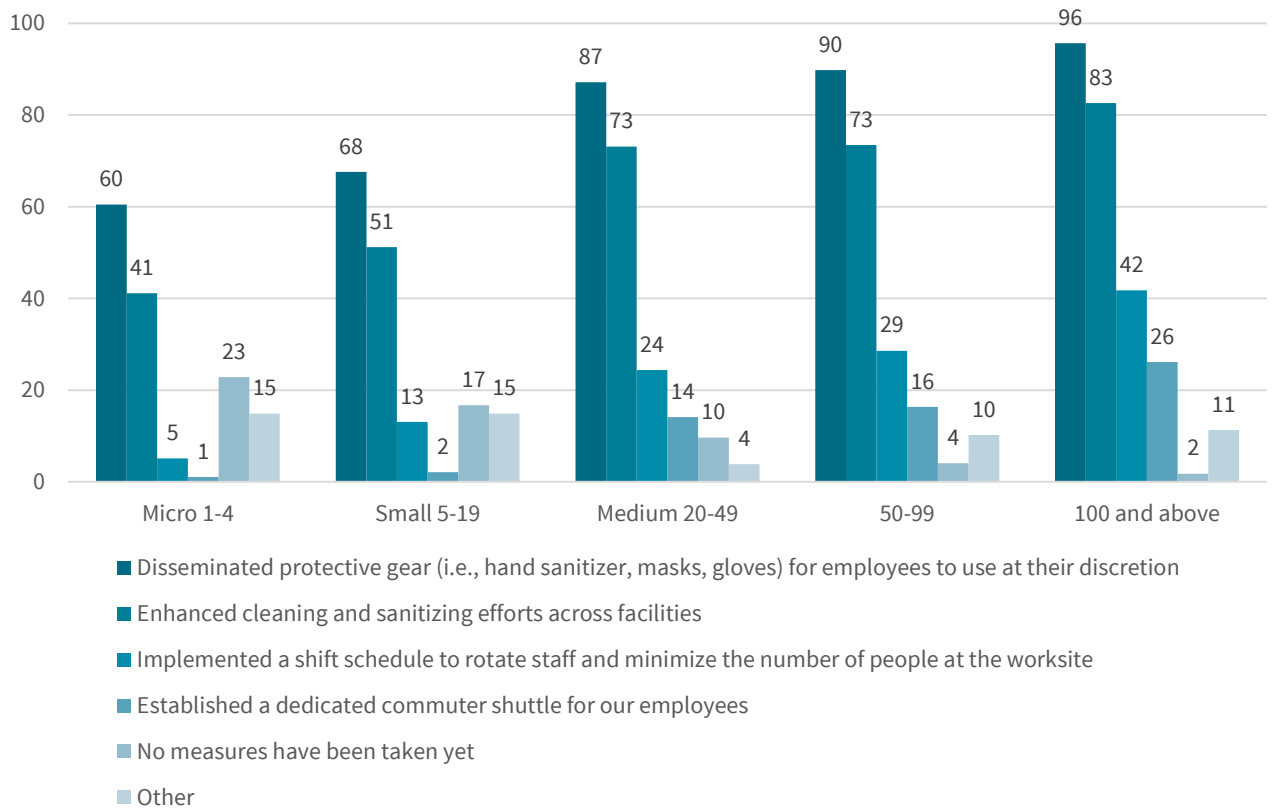
Measures taken to reduce the spread of COVID-19 at the workplace

Businesses were also taking measures to protect their employees and customers. More than 72 per cent of the surveyed enterprises had disseminated protective gear, including hand sanitizers, masks and gloves for employees, or had enhanced cleaning and sanitizing efforts across facilities (55 per cent) at the time of the survey. Worryingly, 67 per cent of home-based businesses indicated that they had not taken any measures yet. However, this figure could also indicate that protective measures in home-based business are just the common measures taken by all households.

²⁰ Key informant interview with Dr. Dureid Mahasneh, EDAMA.

Relatively few enterprises (15 per cent) have introduced a shift schedule to rotate staff and minimize the number of people at the worksite or arranged a dedicated commuters transport or shuttle services for employees. Such measures are important in medium and large enterprises, since the contagion risks are higher and accessibility to work is more difficult under lockdown and social distancing measures.

Figure 5 Measures taken at workplaces by size of enterprise (per cent)



8 Perceptions on the effectiveness of current policies

As many as two-thirds (67 per cent) of the surveyed enterprises reported that they were not aware of any support packages or measures that could help them mitigate the impacts of the Covid-19 crisis, an alarmingly large share. The smallest and the unregistered enterprises were least aware of available mitigation measures. Among those enterprises that were benefitting from available measures, the majority were benefitting from government subsidizing pay and from soft loans (Information derived from key informant interviews suggest that the large share of enterprises not aware of support packages at the time of the survey may be due to the following reasons:

- Private sector respondents indicated that there was little public private dialogue in the process of designing the support packages and that support packages should be more tailored to the needs of enterprises.
- Business owners mentioned a lack of clarity regarding application procedures and eligibility criteria which also partly explains the relatively low number of respondents that indicated that they had successfully accessed finance and credit (5 per cent of respondents). Respondents also noted that there was a lack of opportunities to discuss debt re-scheduling or bridging loans, such as those envisaged through the CBJ fund, to cover operational expenses to retain staff; there were further concerns that they might face penalties up to imprisonment for firing staff in defiance of Defence Order No 6.
- The government has applied a “one size fits all” approach with regards to compensation of wage labour, which was perceived by enterprises and fixed term employees to be ‘at their expense’, while preventing companies from taking any downsizing or restructuring measures.
- The CBJ special JD 500 million fund, to support operational expenses and salaries - soft loan program with low interest rate of 2 per cent - has not been sufficiently promoted by banks to enterprises at the time of the survey. Enterprises interviewed stated that banks are reluctant to lend to enterprises in these circumstances, since they adopt a zero-risk policy and prefer to buy government bonds with lower risk. As the head of JGATE expressed *“Banks work on zero risk principle, they require collaterals and assurances, they do not lend unless they have healthy financial proof. Most companies’ books are in deficit and they have defaults on payments. Bank profits are guaranteed, they need pressure from the government to lend more and reduce interest”*.

Table 16).

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²¹ Farhan Ifram, JGATE.

Table 16 Enterprises' utilization of support packages by size (per cent)

	Not aware of any support packages	Access to finance/credit	Tax relief/ deferral	Relief or deferral of credit/ loans payments	Reduction or exemption of rent, equipment rental fees	Business stimulus package/ investments	Government subsidizing pay	Soft loan	Other specify	Total	
										Total	Sample size
Total	67	5	6	6	4	3	12	8	14	100	1,190
Size of enterprise by number of employees											
Micro 1-4	77	1	1	2	2	1	6	3	13	100	491
Small 5-19	63	4	6	4	5	1	16	10	14	100	330
Medium 20-49	62	8	11	8	4	4	17	15	11	100	156
50-99	57	8	8	15	9	6	15	11	17	100	98
100 and above	51	12	17	17	5	15	21	10	15	100	115

n= All enterprises. Multiple response and percent may add up more than 100.

Box 4 Feedback on response measures

“For the effectiveness of current policies, we need to activate and put into force the insolvency law and the movable property security rights law that enable companies to restructure and put removable assets as collaterals such as equipment, transport vehicles, machinery etc to access finance.”

MP Khair Abu Saleek, Chairman, Jordan Economic Forum.

“The informal sector is too large to regulate during the crises, Social Security attempts without a national database of wage workers and informal employers to regulate the sector. Complex support packages to the informal sector should not be tied up to regulations as a precondition to receive unemployment benefits during the crises; this can be done through incentives, data protection, engaging municipalities through the professional licensing process.”

MP Khair Abu Saleek, Chairman, Jordan Economic Forum.

“The Central Bank of Jordan soft loan application is very complex; they are delaying the processes. We were able to pay April salaries, however for May and June salaries we need quick soft loans and access to credit; banks are hesitant and slow in processing our application, we also need tailored support measures. We have frozen performance bonds totalling JD 150,000 (USD 211,000) with the Ministry that can be exchanged for insurance certificates; we also need breaks or waivers from 2019 income tax due in June.”

Awni Kawar, Chairman, JITOA.

“We are severely impacted by the crisis and lockdown measures were not comprehensively studied; they impacted economically severely our sector. Construction sector permits only allow Jordanians. 90 per cent of contractors do not accept to get back to work under these conditions; they need to get feedback from the private sector on what is doable, only they want SSC to formalise the informal sector. The professional unions, contractor’s union, are weak, they are not advocating for the interests of the private sector.”

Izzat Marji, CEO, Izzat Marji Group

“In the current situation we can withstand to pay salaries until May. We have deferred cheques from clients in large amounts that disrupted our cash flow. Deferral and rescheduling of loans have not been applied by banks; in contrast, Islamic banks are the only ones to offer deferrals, they don’t take extra interest premiums since the profit margin is fixed regardless of period.”

Izzat Marji, CEO, Izzat Marji Group

Preferred types of support to cope with the present situation

The preferred types of support suggested by the surveyed enterprises to cope with the present crisis were direct financial support (53 per cent) and wage subsidies (42 per cent). Wage subsidies were preferred more by larger enterprises than by smaller enterprises (Table 17). While 68 per cent of enterprises with more than 100 employees preferred wage subsidies, only 24 per cent of micro enterprises preferred this option. The opposite pattern emerged for direct financial support, which was preferred by 60 per cent of micro businesses while only by around 40 per cent of enterprises with more than 50 employees. A relatively large share of the largest enterprises would also prefer to benefit from social security policies for supporting employment, work resumption and production resumption (24 per cent), and from policies for reducing production and operating costs (17 per cent).

Table 17 Type of support preferred by enterprises to cope with the situation at this stage by size of enterprises (per cent)

	Technical assistance on development of business plans	Technical assistance to support introduction of e-commerce	Access to credit	Wage subsidies	More flexible rules on lay-offs and dismissals	Emergency unemployment insurance scheme	Preferential tax policies	Direct financial support	Social security policies for supporting employment, work resumption and production resumption	Policies for coordinating the supply chain	Policies for reducing production and operating costs	Other specify	Total	Sample size
Total	4	2	20	42	3	8	8	53	11	4	6	13	100	1,190
Size of enterprise by number of employees														
Micro 1-4	3	1	20	24	1	2	3	60	5	2	2	14	100	491
Small 5-19	3	1	18	47	2	7	6	52	11	3	5	9	100	330
Medium 20-49	7	3	23	54	6	15	14	51	16	7	10	14	100	156
50-99	5	7	20	60	3	15	14	37	15	8	15	15	100	98
100 and above	7	4	21	68	8	19	17	43	24	8	17	15	100	115

n= All enterprises. Multiple response and percent may add up more than 100.

According to several key informant interviews, business owners stated that Defence Order 1 and 6 froze the Social Security law and regulations, and thus did not enable them to benefit from unemployment insurance according to their subscription and salary range. However, the lockdown and orders relevant to SSC support measures add extra burdens - to retain employees and salary wages - without enabling them to fully benefit from the announced 3-6 months of unemployment benefits, since SSC applies a nation-wide support package to wages and daily labour funded by the retirement and unemployment benefits funds.

Other important measures proposed by respondents are related to preferential tax policies (8 per cent) followed by policies for reducing production and operating costs (9 per cent). These measures were also recommended by EDAMA²² to provide tax exemptions to citizens and businesses as possible, in order to stimulate market demand and inject liquidity and continue to implement capital projects in partnership with the private sector, with the aim of stimulating economic growth and to support various sectors to maintain their levels of employment.

²² Key Informant Interview, EDAMA, Energy, Water and Environmental Businessmen Association

9 Effects on workers

A total of 74,600 persons have been employed by 714 enterprises for which detailed data on employees and work status is available (Table 18). The majority of them were hired by large enterprises hiring 58,000 employees. Of these 406 workers have been permanently laid off while 308 were temporarily been laid-off due to the COVID-19 crisis facing enterprises. The layoffs in small and micro enterprises were mainly temporarily with a total of 270 workers had been temporarily laid off. Those employees who have been temporarily laid off are expected to resume their work once the situation improves.

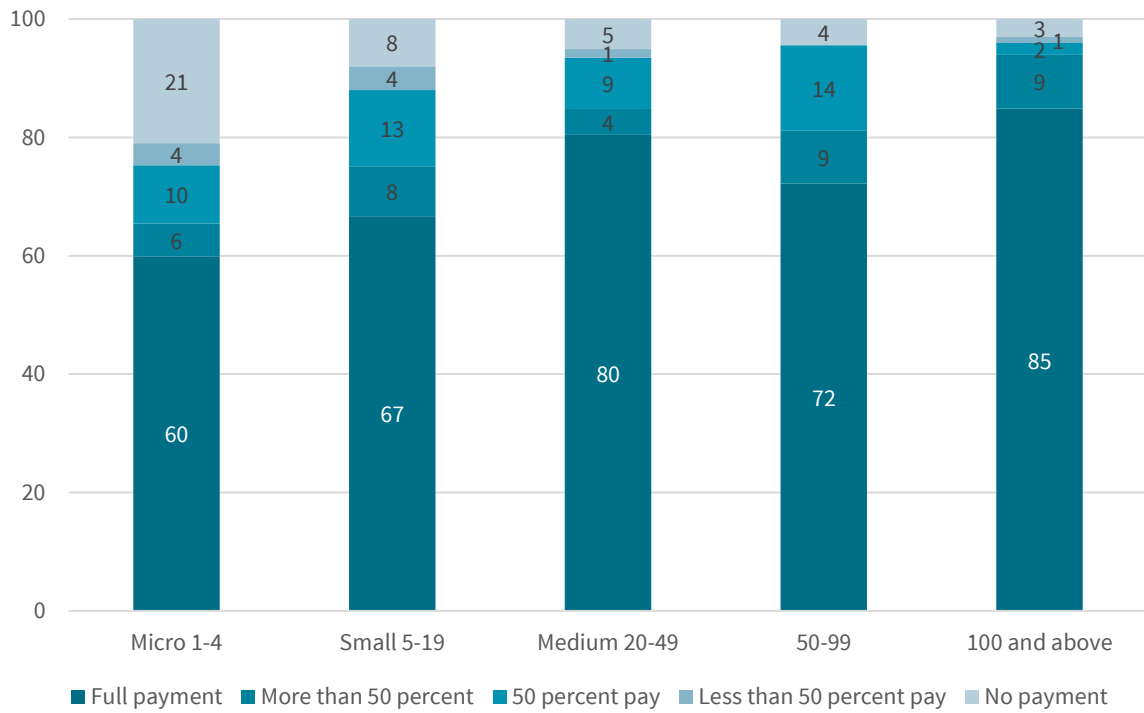
Table 18 Workers reported to have been temporarily or permanently laid off by the surveyed enterprises because of the COVID-19 pandemic, by gender, and size (number of individuals)

Size of enterprise by number of employees	Workers employed by enterprises in Feb 2020	Permanently laid off			Temporarily laid off		
		Male	Female	Total	Male	Female	Total
Micro 1-4	734	5	1	6	17	4	21
Small 5-19	2,464	0	1	1	203	48	251
Medium 20-49	7,327	18	10	28	285	60	345
50-99	6,074	1	10	11	412	95	507
100 and above	58,025	200	206	406	237	105	308
Total	74,624	224	228	452	1,154	312	1,432

Payment to employees who are not able to come to work

The vast majority of employees who were not able to come to work due to the lockdown were still receiving full or partial payments from their employers. 71 per cent of the employees not able to come to work were still receiving full payments, while 20 per cent were receiving partial payments. More employees not able to come to work in large enterprises were receiving full payments compared to employees in small enterprises (Figure 6). While 21 per cent of employees who were not able to come to work in micro businesses do not receive any payments, only 3 per cent of the employees in large businesses did not receive any payments. At the same time 85 per cent of employees not able to come to work in large enterprises still received full payments, compared to 60 per cent in micro businesses.

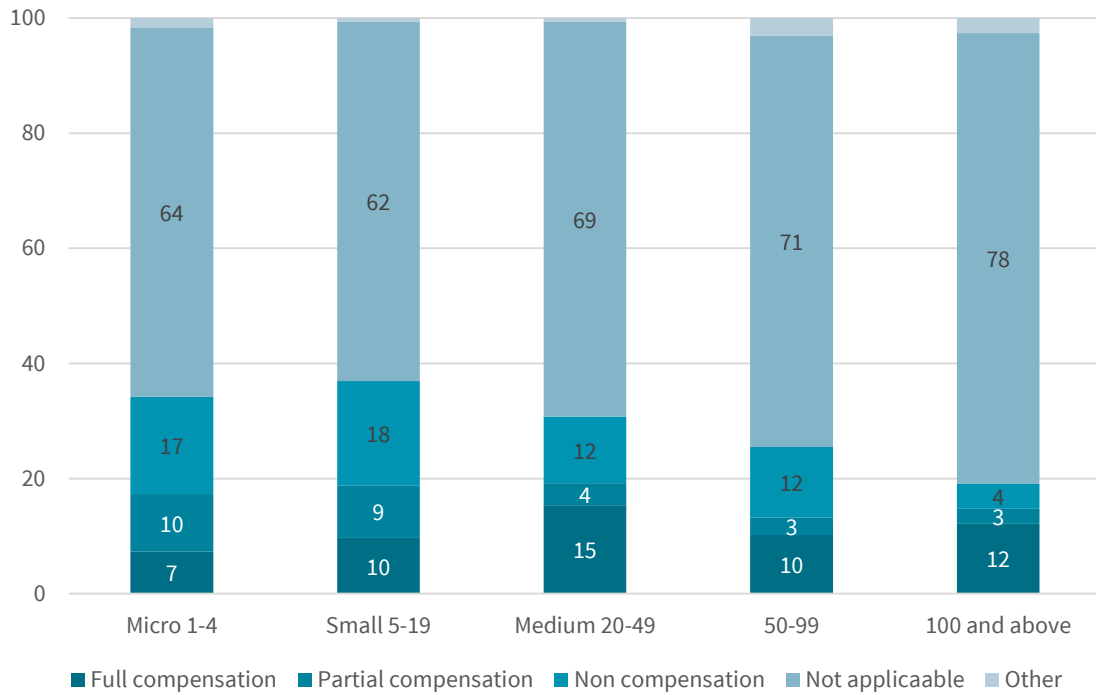
Figure 6 Payment to employees absent due to lockdown by size of enterprises (per cent)



Compensation to temporary employed workers

A small share of the surveyed enterprises compensated temporary or seasonal workers for loss of work caused by the Covid-19 crisis (18 per cent). However, the majority of the surveyed enterprises reported that compensating temporary or seasonal workers was not a relevant issue (66 per cent), i.e. that they did not hire workers on seasonal or temporary basis.

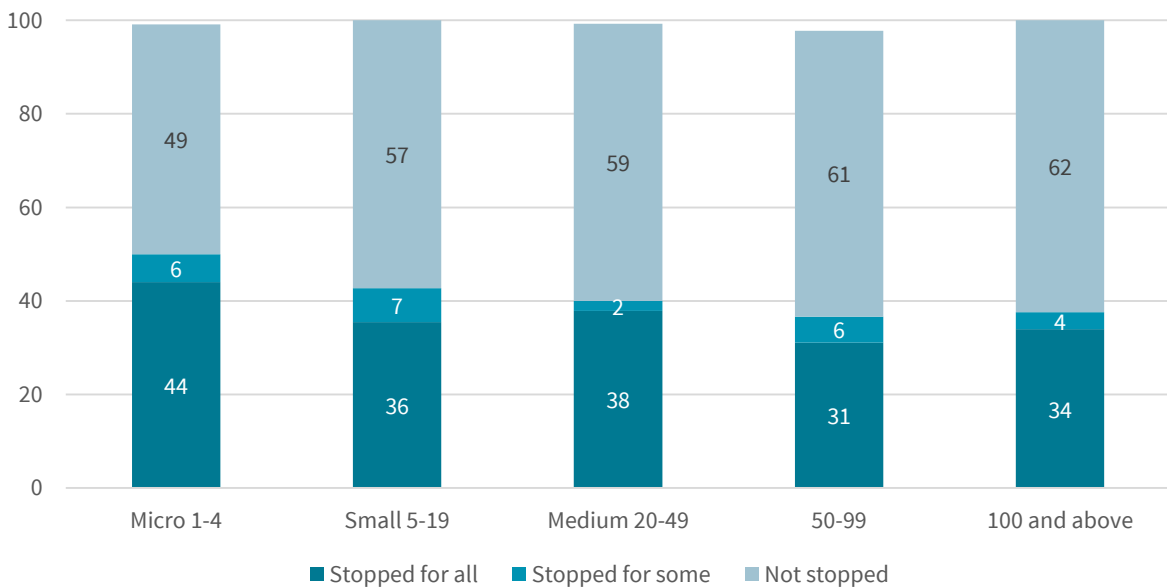
Figure 7 Provision of compensations for temporary and seasonal workers by size of enterprises (per cent)



Continuation of Social Security payments

Nearly 40 per cent of surveyed enterprises had stopped payment to social security as a result of the COVID-19 crisis, making use of the waiver introduced in Defence Order 1. A larger share of small enterprises had stopped their payments compared to larger enterprises. While 45 per cent of the micro enterprises had stopped their payments, only 34 per cent of the enterprises with more than 100 employees had done so.

Figure 8 Status of social security payment to employees by size of enterprises (per cent)



Reductions in workforce and hours

Nearly half of surveyed enterprises had reduced the number of workers or the number of working hours in their operations as a consequence of the Covid-19 crisis (45 per cent) at the time of the survey. Medium and large enterprises had implemented such measures to a larger degree than small enterprises (Table 19). While more than 70 per cent of the medium and large enterprises had reduced staff or working hours, only 20 per cent of micro businesses had done so.

Table 19 Measures taken by enterprises on existing staffing by size (per cent)

	Reduced staff number	Reduced working hours	Shifted to another type of product/service	No measures	Other	Total	Sample size
						Total	
Total	22	23	1	55	11	100	1,148
Size of enterprise by number of employees							
Micro, 1-4	6	14	1	70	11	100	477
Small, 5-19	25	24	1	52	13	100	316
Medium, 20-49	38	34	2	43	9	100	150
50-99	41	37	-	33	11	100	93
100 and above	39	37	-	36	11	100	112

n= All enterprises. Multiple response and percent may add up more than 100.

10 Special focus: the impact of COVID-19 on micro enterprises

This section outlines the impact on a small sub-set of micro and small enterprises, primarily home-based informal businesses. The assessment is based on a survey of 150 micro and small businesses of UNDP's beneficiaries.²³

Impact of COVID-19 and lockdown measures on micro enterprises

Close to half (46 per cent) of surveyed micro businesses were temporarily closed, 22 per cent had reduced working hours and only 9 per cent were working as usual at the time of the survey. A majority of respondents (76 per cent) reported loss of revenue, sales and demand, 19 per cent have been affected by supply chain challenges while 15 per cent faced increased debt burdens or bankruptcy.

A large majority of the home-based businesses and micro enterprises reported that their establishments would not be able to continue beyond 1-3 months under prevailing conditions at the time of the survey. Many of the women-owned, home-based enterprises did not have savings or cash reserves to continue business beyond one month. A majority (63 per cent) of the 150 businesses surveyed indicated that they could pay salaries only for less than a month and 24 per cent for 1 to 3 months. Several respondents noted that the relatively young age of the enterprises (average of businesses surveyed is below 4 years) and lack of business experience to deal with periods of uncertainty, compounds this situation.

Overall, the smaller enterprises were carrying lower debt burdens prior to the crisis than larger businesses, though faced higher vulnerability due to the lack of cash reserves to withstand shocks.

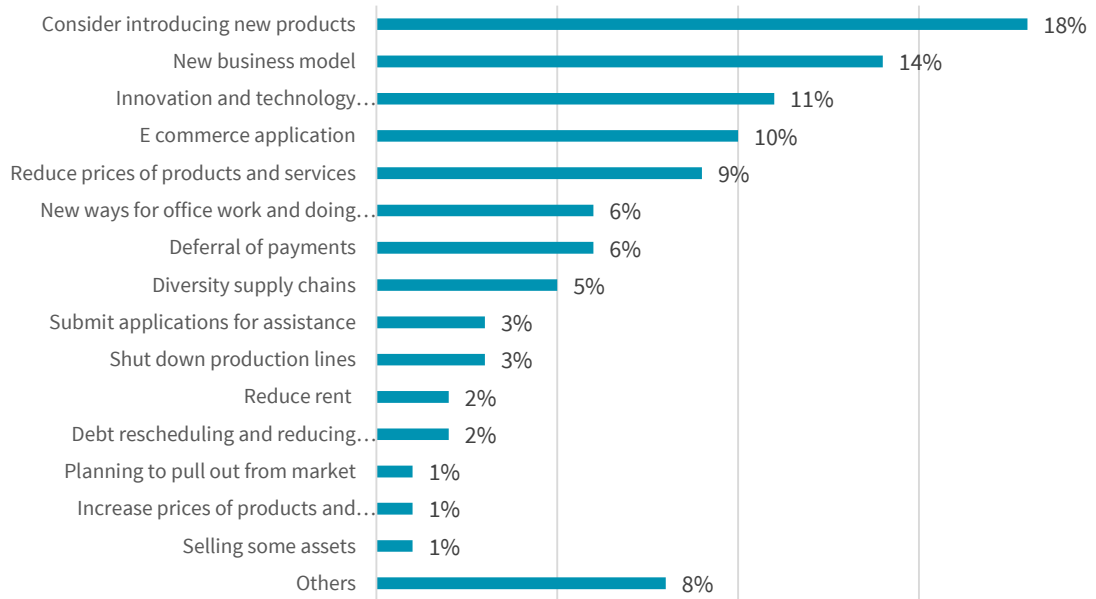
Roughly half (52 per cent) of those surveyed expressed confidence that their business would survive the crisis. This can be taken as a positive sign given women's roles during the COVID-19 pandemic in carrying additional burdens in the household, including childcare and education.

Measures taken by surveyed micro-enterprises in response to COVID-19 crisis

Overall, 63 per cent of surveyed businesses had not taken any measures towards business continuity, this figure is slightly higher with 74 per cent for home-based businesses. Measures taken by businesses include: considering the introduction of new products (18 per cent) or new business models (14 per cent), introducing innovation and technology applications (11 per cent) or e-commerce platforms (10 per cent).

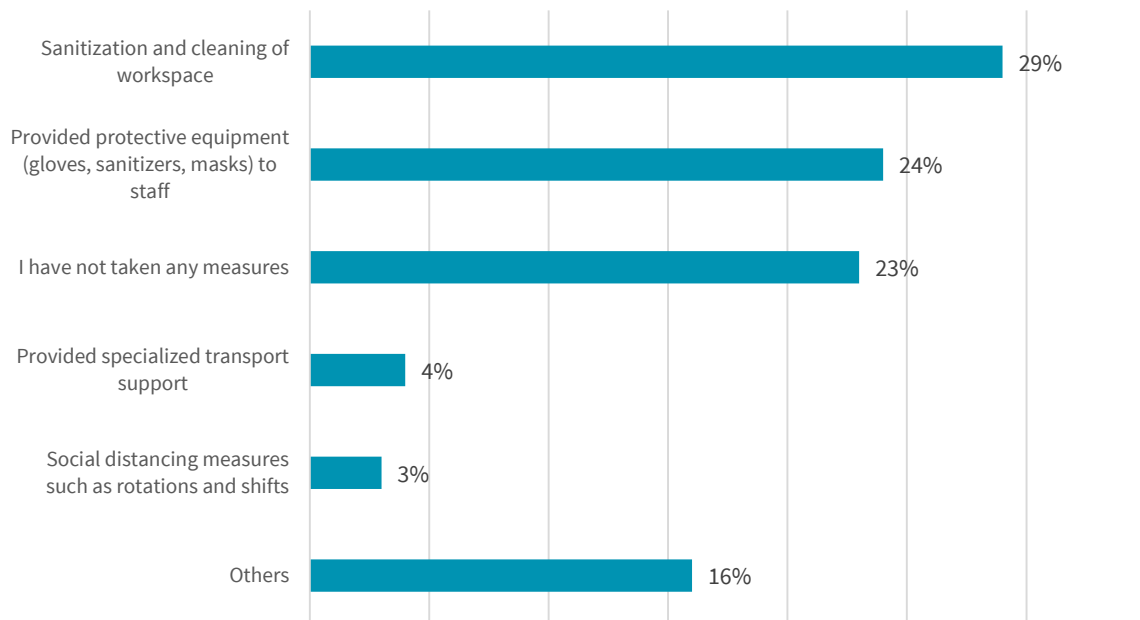
²³ Interviews were conducted by UNDP staff via telephone using the same questionnaire as the rest of the UNDP team. This included interviews with 150 micro enterprises across seven governorates (Mafrqa, Zarqa, Amman, Irbid, Ajloun, Jerash, Kara, Madaba and Balqa) mainly from vulnerable communities with a high concentration of Syrian refugees and unemployment. Over 57 per cent of the respondents owned a home-based business, the majority (68 per cent) are women owned businesses.

Figure 9 Steps taken to ensure business continuity (per cent)



Only 72 per cent of respondents indicated to have taken measures to prevent the spread of COVID-19 in their establishments, this is concerning given a large share of the home-based businesses are specialized in food processing, food preparation or related fields.

Figure 10 Measures taken to prevent spread of COVID-19 infections at the establishment (per cent)

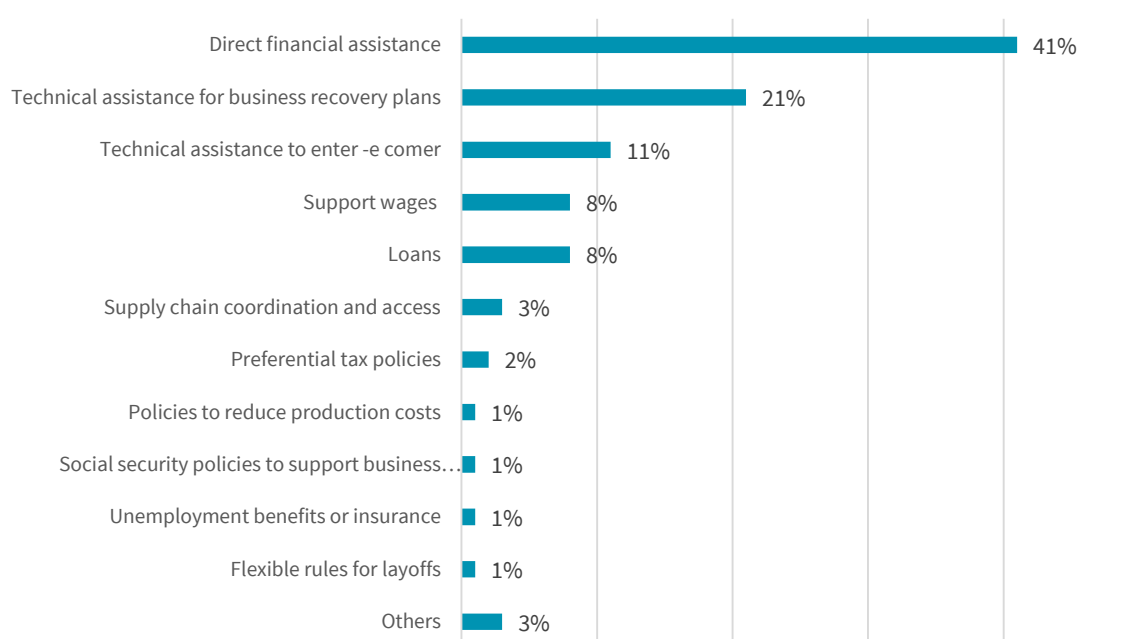


Response measures and support required

A minority of enterprises surveyed (37 per cent) knew about the Government support measures that may be available to them. Few had business plans in place (37 per cent), which is, however, higher than larger enterprises mentioned in the previous section who indicated that only 25 per cent had business continuity plans in place.

In terms of support most needed, 41 per cent indicated the need for direct financial assistance, 21 per cent were interested in technical assistance for business recovery and 11 per cent for e-commerce (Figure 11). This is quite different to the broader sample where there was also strong interest in wage subsidies.

Figure 11 Type of required support (per cent)



Business confidence and future challenges

Surveyed enterprises saw challenges in the next few months largely related to lack of sales/demand (36 per cent), liquidity constraints (23 per cent) and transport (22 per cent). More than a third (37 per cent) of respondent micro businesses indicated that they would not be able to continue more than one month under current circumstances (lockdown), showing the fragility of enterprises.

11 Concluding remarks

Key findings

- All surveyed enterprises reported challenges in terms of cash flow, reduced demand and supply, and disruption in the value chains as a result of measures to respond to COVID-19 in Jordan.
- **Only 7 per cent of surveyed enterprises reported operating** as usual during the time of the survey – 39 per cent were operating but with either reduced staff (7 per cent) or reduced working hours (16 per cent) or both (16 per cent). Over half (51 per cent) of surveyed enterprises reported to have closed temporarily.
- **42 per cent of enterprises indicated that they will be able to continue paying salaries to all workers under existing conditions for less than one month** and another 42 per cent for less than three months. Micro businesses (55 per cent) and small enterprises (44 per cent) indicated that they lacked the means to continue to pay salaries, while medium enterprises (33 per cent) and larger enterprises (23 per cent) were more likely to be able to continue to pay salaries for an additional month.
- **Around a quarter (26 per cent) of enterprises indicated that under the conditions at the time of the survey they would be able to stay operational for less than a month**, 30 per cent would be able to remain operational for 1 to 3 months, 5 per cent for 4 to 6 months and only 13 per cent for more than six months. A substantial number of them (27 per cent) did not know how long their businesses would last if the situation prevailing at the time of the survey would continue.
- **Over half of the respondents (52 per cent) remained confident that they will weather the crisis and resume profitability**, while 20 per cent were not confident of their economic resilience and robustness. However, asked about their pre-crisis financial situation, 25 per cent of enterprises indicated that they were losing money and 46 per cent indicated that they were breaking even, suggesting that many enterprises had financial difficulties even before the lockdown measures. Apprehension is higher amongst home-based and micro enterprises.
- **The vast majority of employees who were not able to come to work due to the lockdown were still receiving full or partial payments from their employers.** 71 per cent of the employees not able to come to work were still receiving full payments, while 20 per cent were receiving partial payments. More employees not able to come to work in large enterprises were receiving full payments compared to employees in small enterprises.
- **Nearly 40 per cent of the surveyed enterprises had stopped payment to social security** as a result of COVID-19 crisis, making use of the waiver introduced in Defence Order 1. A larger share of small enterprises had stopped their payments compared to larger enterprises at the time of the survey. While 45 per cent of the micro enterprises had stopped their payments, only 34 per cent of the enterprises with more than 100 employees had done so.
- The ability for companies to survive the economic crisis will depend on multiple factors including how agile companies are in ensuring business continuity and adapting their business processes, yet **only 25 per cent indicated that they had a business continuity plan**

in place.

- In terms of measures taken to reduce the spread of COVID-19 in the workplace, more **than 72 per cent of surveyed enterprises reported that they had disseminated protective gear**, including hand sanitizer, masks and gloves to employees or had enhanced cleaning and sanitizing efforts across facilities (55 per cent). However, 23 per cent of micro businesses indicated that they had not taken any measures at the time of the survey.
- **A majority (67 per cent) of enterprises indicated at the time when the survey was conducted (late April) that they were not aware of any support packages** or measures available to help them mitigate the impact of the crisis. 12 per cent of enterprises indicated that the government is subsidizing pay – 16 per cent among small enterprises and 21 per cent among enterprises with 100 workers or more. 8 per cent said that they were accessing soft loans and 5 per cent said they had access to credit.
- **53 per cent of businesses consider direct financial support as the most essential support needed** to cope with the situation at this stage, with 60 per cent of micro businesses and 43 per cent of enterprises with more than 100 workers indicating the need for direct financial support.
- **42 per cent of all enterprises surveyed suggested wage subsidies**, 68 per cent amongst companies of more than 100 workers as essential to cope with the situation at this stage. 20 per cent indicated access to credit.

Key Recommendations

Supporting businesses continuity planning and crisis preparedness

A small percentage of businesses surveyed (25 per cent) had business continuity plans in place that would help them manage and respond to the crisis. To equip businesses better, technical assistance and mentoring support to develop business continuity plans and to support business model adjustments should be made available.

Support to businesses - prioritization

Many businesses surveyed were in poor financial health even before the COVID-19 crisis. In the context of fiscal constraint, it is important that the government develops a clear and transparent approach to support prioritization of businesses to be supported.

Development partners can provide support to this process through cost-benefit analysis and supporting a discussion on trade-offs between various support packages and the impact they may have on the achievement of the 2030 Agenda for Sustainable Development and in particular its ambition of leaving no one behind. This impact should be one of the criteria for government to decide on which businesses to support.

Prioritizing support for MSMEs to 'build back better'

Support should be prioritized for businesses that develop new business models that focus on sustainability and resilience and are 'future fit' and better able to withstand future crises. This should include supporting digital transformation so companies can evolve with the market, remain competitive and to enable them to become 'future fit'. Digital transformation encompasses both technological transformation, the integration of technology in all areas of businesses as well as an organizational and cultural transformation in which organizations continually challenge the status quo, experiment and get comfortable with failure.

Support and incentives should be provided for enterprises to introduce and invest in resource efficient business processes and to encourage local procurement. Above measures would also enhance the resilience of enterprises in the future.

Simplifying access to and awareness of available support measures

- Simplified administrative processes to facilitate and expedite access to those in need to the different services and funds provided.
- Public private dialogue on most appropriate and on targeting of support measures. This should include also awareness raising of available assistance packages.
- Reduce fragmentation of different support programmes and institutional responsibilities to facilitate access and streamline procedures.

A gender responsive recovery

The survey shows that few enterprises, with the exception of enterprises of more than 100 employees provide childcare facilities. Flexible working arrangements are more common across different sized enterprises. Childcare responsibilities are an important reason for women to remain out of the labour force. It is important that enterprises as well as government invests into the care sector to facilitate women's labour force participation and economic empowerment.

Policies and response support measures to enterprises

Many business owners expressed a clear view of the type of support needed such as wage subsidies, direct financial support, access to credit and an enabling environment for new forms of banking collaterals i.e. movable assets, vehicles and equipment, policies for reducing cost of doing business, licensing fees and work permits and enacting insolvency regulations and laws. Any business support measures should be sector specific as the crisis is impacting sectors differently and should be tailored also to the size of the business with special consideration for micro and smaller businesses.

A **four-pillared approach**, based on the experience of previous crises (SARS/MERS, 2008-9 financial crisis), and founded in international labour standards is proposed:

Stimulating the economy and employment

- Active fiscal policy
- Accommodative monetary policy
- Lending and financial support to specific sectors, including the health sector

Supporting enterprises, jobs and incomes equitably for women and men

- Extend social protection for all
- Support for a transition from informal to formal economy
- Implement employment retention measures - short-time work, paid leave, etc.
- Financial/tax relief for MSMEs (tax holidays, loans, wage support).

Protecting workers in the workplace for men and women

- Strengthen Occupational, Safety and Health Measures
- Health access for all,
- Adapt work arrangements (e.g. teleworking) and expand access to paid leave
- Prevent discrimination/exclusion

Relying on structured social dialogue for developing, assessing and reviewing evidence-based solutions

- Strengthen the capacity and resilience of employers' and workers' organizations
- Strengthen the capacity of governments
- Strengthen social dialogue, collective bargaining and labour relations institutions

Specific support measures for micro and home-based businesses

The impact of the crisis on micro and home-based businesses has been particularly hard. Many lack cash reserves, financial resources and assets as well as access to finance to respond to the crisis. Government measures currently largely focus on formal SMEs. Targeted measures should be considered for micro and home-based businesses.

Next Steps and Further Research

- A follow up assessment will be conducted in September to trace the medium and longer term impact of COVID-19 on workers and enterprises.
- The current analysis did not zoom into specific sectors or allow for sector specific analysis. Sector specific analysis should be considered for sectors particularly hard hit such as the tourism sector or the agriculture sector. This would allow for more sector specific and targeted response measures.
- The current rapid impact assessment did cover predominantly formal enterprises, ILO is considering to conduct a diagnostic of the informal economy including size, sectors, groups most affected, causes, drivers and an assessment of the legal and policy frameworks and practices towards formalization.

Annex I- Questionnaire for Enterprises- 1st Wave (April 2020)
Impact of the Covid-19 Pandemic on the Jordanian Labour Market
Questionnaire for Enterprises

Introduction and request for verbal consent

My name is and I am working for....

The Coronavirus (Covid-19) pandemic, and the measures that Governments are taking to curb the spread of the virus, are having severe impacts on enterprises across the world as well as in Jordan. To help mitigate the impact, the government and its development partners need to know how enterprises and their employees are impacted. This will allow for prioritization, better design and targeting of response measures.

Hence, we kindly ask you to support these efforts by helping us fill out this survey. All your responses will be kept confidential and will only be used for research purposes.

Thank you!

Section 1: Enterprise profile

To start with, we would like to ask you a few questions on the situation of your enterprise prior to the coronavirus (Covid-19) pandemic and the lock-down measures introduced by the Government of Jordan.

101	<p>What kind of business, service or activity is carried out by your enterprise?</p> <p><i>If respondent does not understand, give examples</i></p> <p><i>What are the main goods/products or services produced at the place where you work? Describe the main activities carried out by the enterprise. Record if business is wholesale trade, retail trade, manufacturing, or services</i></p>	<p>_____</p> <p>_____</p> <p>_____</p>		
102	<p>Which industry does this enterprise represent?</p> <p>Interviewer: Please conduct the classification. Do not ask the respondent!</p>	<p>Agriculture; forestry and fishing</p> <p>Mining and quarrying</p> <p>Manufacturing</p> <p>Electricity; gas, steam and air conditioning supply</p> <p>Water supply; sewerage, waste management and remediation activities</p> <p>Construction</p> <p>Wholesale and retail trade; repair of motor vehicles and motorcycles</p> <p>Transportation and storage</p> <p>Accommodation and food service activities</p> <p>Information and communication</p> <p>Financial and insurance activities</p> <p>Real estate activities</p> <p>Professional, scientific and technical activities</p> <p>Administrative and support service activities</p> <p>Education</p> <p>Human health and social work activities</p> <p>Arts, entertainment and recreation</p> <p>Tourism</p> <p>Other service activities</p> <p>Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use</p> <p>Activities of extraterritorial organizations and bodies</p> <p>Not elsewhere classified</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>	

103	How many employees were working for the enterprise in February 2020? <i>Size of enterprise</i>	Home-based Business Micro 1-4 Small 5-19 Medium 20-49 50-99 100 and above	1 2 3 4 5 6	
104	Was the owner of your enterprise male or female?	Male Female	1 2	Ask if 103<5
105	What was the ownership structure of your establishment? <i>For MSEs</i>	Fully Jordanian Fully Syrians Equal share: Jordanian and Syrian Mostly Jordanian Mostly Syrian Owned by other nationalities	1 2 3 4 5 6	Ask if 103<5
106	What was the ownership structure of your establishment? For Medium and Large enterprises	Mostly Jordanian owned Fully Jordanian owned Equal share: Jordanian and Foreign Mostly foreign owned Fully foreign owned	1 2 3 4 5	Ask if 103>4
107	What was the main market for your enterprise? Mark all that apply	Local area market Broader domestic Regional (middle-east) Global	1 2 3 4	
108	Does your enterprise use e-commerce or website platforms for marketing and sales?	Yes ,specify referece_____ Not suitable to our business No	1 2 3	
109	Does your enterprise offer childcare facilities, flexible working arrangements or family leave? Mark all that apply	Childcare services Flexible working arrangements Family leave No	1 2 3 4	Ask if 103>1
110	What was the registration status of your enterprise? Interviewer: Please fill in this information if available.	Home based (registered) Home based (unregistered) Unregistered/ informal Registered Other	1 2 3 4 5	
111	For how long has your enterprise existed?	Less than 1 year 1-2 years 3-4 years 5-10 years More than 10 years Don't know Refusal	1 2 3 4 5 8 9	
112	Where was your business operating in Jordan? enterprise located in Jordan? Mark all that Apply (Relevant if enterprises have different areas of operations in Jordan, Eg. amman, Irbid)	Irbid Albalqaa Jarash Al-Zaraqaa Al-Tafieleh Ajloun Aqaba Amman Al-Karak Madaba Ma'an Al-Mafraq	1 2 3 4 5 6 7 8 9 10 11 12	
113	Approximately, how many employees were employed by your enterprise in February 2020?	_ _ _ _ _ _ _		

114	What percent of your employees were female?	_ _ _		
115	What percent of your employees were Jordanian/ non-Jordanian?	Jordanian _ _ _ Syrians _ _ _ Others _ _ _		
116	Approximately what percentage of your employees would you describe as low-skilled workers? <i>Low-skilled employees refer to those whose tasks involve no specialized knowledge/competence for the enterprise</i>	_ _ _ Don't know Refusal	98 99	
117	Approximately, what percentage of your employees had a contract with duration of 1-year or more?	_ _ _ Don't know Refusal	98 99	
118	Approximately, what percentage of your employees had a written contract?	_ _ _ Don't know Refusal	98 99	Ask if 110<2 or >3
119	What was the percentage of expenditure for wages and salaries in February 2020?	_ _ _ Don't know Refusal		
120	Approximately, what was the amount of operating revenue for the enterprise during 2019? In JD	_ _ _ _ _ _ _ _ _		
121	How would you describe the financial status of your enterprise prior to the lockdown period, i.e. before March 2020	Profitable Breakeven Was losing money Other specify	1 2 3 4	
122	Do you have any existing financial commitments? Mark all that apply	Micro-finance loan Bank loan(s) Bills of exchange Deferred Cheques Open letters of credit None	1 2 3 4 5 6	

Section 2: Impact and implications

In the following, we would like to ask you about how the coronavirus (Covid-19) pandemic and the government's response to it is affecting your enterprise at present.				
201	Currently, what is the operational status of the enterprise?	Operating as usual Operating with reduced hours Operating with reduced staff Operating with reduced hours and reduced staff Work place closed temporarily Other	1 2 3 4 5	

202	<p>So far and since the onset of the coronavirus crisis in the country, what has been the economic impact on your enterprise?</p> <p>Mark all that apply</p>	<p>Loss of revenue Reduce demand / sales Increased costs of production Access to cash/liquidity problems Problems importing materials needed Increased revenue No economic impact Other. Please specify</p>	<p>1 2 3 4 5 6 7 8 9</p>	
203	<p>How many employees have been permanently laid off due to the coronavirus measures?</p> <p><i>This refers to employees which the enterprise does not intend to take back later</i></p>	<p>Male __ __ Female __ __ </p>		
204	<p>How many employees have been temporarily laid off due to the coronavirus measures?</p> <p><i>This refers to employees which the enterprise intend to take back later</i></p>	<p>Male __ __ Female __ __ </p>		
205	<p>Does your enterprise pay employees who are not able to come to work due to the lockdown?</p> <p><i>This doesn't include those that are diagnosed with the coronavirus</i></p>	<p>Full payment More than 50 percent 50 percent pay Less than 50 percent pay No payment</p>	<p>1 2 3 4 5</p>	
206	<p>Is your enterprise providing any compensation to temporary/seasonal workers with regular tasks for the enterprise who are left without work as a result the coronavirus crisis?</p> <p>Eg. Daily labourers, casual workers</p>	<p>Yes, full compensation Yes, partial compensation No compensation Not applicable, we do not have any contract/gig workers Other (specify)</p>	<p>1 2 3 4 5</p>	
207	<p>Has your enterprise stopped payments to Social Security (Old Age, Invalidity and Survivors Pension) as a result of measures related to coronavirus?</p> <p>(Defence Command 1)</p>	<p>Yes for all Yes for Some No Refusal</p>	<p>1 2 3 9</p>	
208	<p>Has your enterprise stopped payment for health insurance for your employees as a result of measures related to coronavirus?</p>	<p>Yes No Refusal</p>	<p>1 2 9</p>	

209	For how many more months is your enterprise in condition to continue paying salaries to all current workers under existing conditions?	Less than one month 1-3 3-6 More than 6 months	1 2 3 4	
210	How long would your enterprise still be able to stay operational if the present situation continues?	Less than a month 1-3 months 4-6 months More than 6 months Don't know	1 2 3 4 5	
211	With regards to the coronavirus crisis, what are the biggest obstacles facing your enterprise in the coming months? Mark all that apply	Reduced sales/demand Restrictions on foreign currency Bank shutdowns Political/social instability Low liquidity/ cash flow problems No restocking of goods/raw materials because of import restrictions Transportation problems Loss of investment Other	1 2 3 4 5 6 7 8 9	
212	How confident are you that the enterprise is economically robust enough to come through the crisis and resume profitable business after the crisis is over?	Highly confident Confident Neither Unconfident Highly unconfident	1 2 3 4 5	

Section 3: Coping measures and support

In the following, we would like to know more about how your enterprise is coping with the Coronavirus pandemic and the government's responses to it, as well as the needs that you might have to be able to better cope with the situation caused by the pandemic.				
301	What measures has your enterprise taken to reduce the spread of the coronavirus at the work place? Mark all that apply	Disseminated protective gear (i.e., hand sanitizer, masks, gloves) for employees to use at their discretion Enhanced cleaning and sanitizing efforts across facilities Implemented a shift schedule to rotate staff and minimize the number of people at the worksite Established a dedicated commuter shuttle for our employees No measures have been taken yet Other specify	1 2 3 4 5 6	
302	What general measures has your enterprise taken due to the coronavirus with regards to existing staffing? Mark all that apply	Had to reduce staff number Had to lower staff salary levels Had to reduce working hours Had to shift to another type of product/service No measures Other specify	1 2 3 4 5 6 7	
303	Has your enterprise changed its existing recruitment plans as a result of the coronavirus measures?	Yes, we stopped hiring completely Yes, but we do replacement hires No, there are no changes to recruitment plans Increased recruitment Unsure about plans Other. Please specify	1 2 3 4 5 6	

304	Has your enterprise developed a business continuity plan following the coronavirus crisis?	Yes No	1 2	Ask if 103>3
305	What measures has your enterprise taken to ensure business continuity? Mark all that apply	Consider new business model Introduced e-commerce Selling some assets Considering introduction of new products Reduce prices of products and services Increase prices of products and services Negotiate delay of payments Decided to accelerate technological, product and service innovation Explored new office and business models Strengthened global reach of supply chain Planning to withdraw from market Negotiate with lenders for lowering the financing cost and extending the repayment cycle Negotiate with the lessor for the reduction or exemption of rent, equipment rental fees Shut down certain production lines, outlets Apply for subsidies Other. Please specify.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Ask if 103>3
306	Are there any support packages /measures the enterprise is benefiting from? Mark all that apply	Not aware of any support packages Access to finance/credit Tax relief/ deferral Relief or deferral of credit/ loans payments Reduction or exemption of rent, equipment rental fees Business stimulus package/ investments Government subsidizing pay	1 2 3 4 5 6 7	
307	What type of enterprise support would be most needed to cope with the situation at this stage? \ Tick 3 that are most relevant to you. Maximum three options allowed	Technical assistance on development of business plans Technical assistance to support introduction of e-commerce Access to credit Wage subsidies More flexible rules on lay-offs and dismissals Emergency unemployment insurance scheme Preferential tax policies Direct financial support Social security policies for supporting employment, work resumption and production resumption Policies for coordinating the supply chain Policies for reducing production and operating costs Other specify	1 2 3 4 5 6 7 8 9 10 11 12 13	
308	Is your business contributing to or interested in contributing to the Covid-19 response?	Through in-kind support Through financial support Providing direct services to affected communities Cannot/ not relevant Other. Please specify.		

Section 4: Follow-up information and comments

Lastly, we would ask you a few questions that might help us to follow-up the valuable information that you have provided in the coming months as the Coronavirus pandemic progresses.			
401	Would you be willing to provide updated information in May so we can help monitor the impact?	Yes No	
402	Please provide contact information	Telephone number E-mail address	10 digits xxx@xxx.xx
403	Please add any additional comment	_____ _____ _____	



Initiative on Assessing Impacts of COVID-19 on Labour Markets in Arab States

This report is a product of an ILO-led initiative to conduct rapid assessments of the impacts of COVID-19 on labour markets in three Arab States: Jordan, Lebanon and Iraq, in collaboration with development partners. The initiative will produce a series of country level and comparative studies during April-December 2020, examining the development and impacts of the pandemic over time by interviewing the same respondents at regular intervals.

The assessments address individuals and enterprises that have received support or participated in any program or project scheme implemented by the ILO or the collaborating development and humanitarian organizations. This implies that the assessments describes the situation for relatively vulnerable individuals and enterprises in the labour markets, and hence, that the assessments are not representative for the national labour market as a whole. Nonetheless, studying populations supported by humanitarian and development organizations should provide valuable insights and knowledge relevant to interventions and policies in times of crises, and sheds light on groups of individuals and enterprises that are often overlooked in labour market policies and responses.



Fafo

Fafo Institute for Labour and Social Research (Oslo, Norway) leads the scientific and technical design of the study and oversees its overall implementation.

Participating organizations provide relevant materials for the assessments, provide field personnel, and contribute with knowledge and programmatic experience. The participating organizations are: United Nations Development Programme (UNDP), International Rescue Committee (IRC), Danish Refugee Council (DRC), Norwegian Refugee Council (NRC), Save the Children International, Oxfam, and Mercy Corps.

