REGIONAL INITIATIVE FOR PROMOTING SMALL-SCALE RENEWABLE ENERGY APPLICATIONS IN RURAL AREAS OF THE ARAB REGION (REGEND)

Focus Group
Amman – 5 March 2019

Rural Development in Jordan
Bashar Zeitoon, consultant ESCWA
Assessment Study

**LITERATURE REVIEW OF:**

- Socio-economic, political, and environmental drivers
- Current and potential productive activities in rural areas
- Energy and rural development needs
- Business models currently utilized
Socio-economic Drivers

- Demographic dynamics
- Persistent unemployment of 18.3% (2017)
- Stubborn poverty rates of 14.4% (2010)
- Refugees add pressure on infrastructure
- High living expenses
- Dependence on foreign aid and grants
Policy/Political Drivers

- Decentralization – municipality-level development units
- National Energy Strategy
- Small and medium enterprises seen critical
Environmental Drivers

- Climate change – less water availability
- Land degradation
- Addressing environmental problems to drive development and livelihood security
Indicators (2017)

- Population (000): 10,000
- Population growth rate for Jordanians: 2.4%
- Life expectancy: 73.5 years
- Percentage of population less than 15 years of age: 34.3%
- Inflation rate: 3.32%
- Economic growth at constant prices: 2%
- GDP per capita: 2,829.9 JD
Indicators (2017)

- Poverty ratio (2010): 14.4%
- Unemployment rate: 18.3%
  - Male: 14.7%
  - Female: 31.2%
Unemployment Rate (%) by Sex and Age Group (2017)
Unemployment Rate (%) by Sex and Educational Level (2017)

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Poverty Pockets in Jordan (2010)
Poverty Pockets in Jordan (2009)

Source: https://books.openedition.org/ifpo/5036
Average annual household consumption (JD), non-food items

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Indicators (2017)

• Rural population: 10%

• Percentage of households connected to sewage system: 62.1%

• Percentage of households who own a solar water heater: 11.6% (2013)
Rural Areas: Definition?

According to DOS:
- Rural: < 5,000 people
- Urban: > 5,000 people

Urban vs. rural population (%) in Jordan (2017)
Rural Areas: Definitions?

Definitions of rural areas:

- Population size (< 5,000)
- Type of economic activities
- Distance from urban centers
- Reliance on natural resources management
- Residence of project owner vs. project location
Our Approach

- Identify institutions that work in rural areas
- Learn as much as we can
- Synthesize a narrative about rural development challenges and opportunities
## Institutions (Partial List)

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<thead>
<tr>
<th>Ministry of Agriculture (Directorate of Rural Development)</th>
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<td>Ministry of Energy and Mineral Resources (JREEEF-SEED)</td>
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<td>Ministry of Planning and International Cooperation</td>
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<td>Ministry of Social Affairs</td>
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<td>Ministry of Tourism</td>
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<td>Ministry of Environment</td>
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<td>Economic and Social Council (ESC)</td>
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<td>Jordan River Foundation (JRF)</td>
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<td>Hashemite Fund for Human Development</td>
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<td>Hashemite Fund for Development of Jordan Badia</td>
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<td>Royal Society for the Conservation of Nature (RSCN)</td>
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<td>Social enterprises</td>
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<td>Micro Finance Institutions (MFIs)</td>
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<td>Jordan Green Building Council</td>
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<td>Private sector players</td>
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<td>UN (UNDP, UNICEF, UN Women, FAO)</td>
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<td>EU</td>
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<td>Care</td>
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<td>GEF</td>
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Productive Activities in Rural Areas

- Farming
- Farming using greenhouses
- Grazing
- Rearing of livestock (sheep, goats, cows)
- Rearing of poultry (production of eggs)
- Beekeeping
- Water harvesting
- Production of dairies
- Production of Jameed
- Bakery products (cookies)
- Dry foods

- Making of handicrafts (textiles, silverware, basket weaving, carpets, leather objects, basalt objects, etc.)
- Kitchens (local/seasonal cuisine)
- Soap making
- Sustainable tourism (hospitality, hiking, biking, camping)
- Harvesting of medicinal plants and herbs
- Traditional musical instruments
- Installation of RE & EE systems
Economic and Social Council

2018 Study
SMEs: Factors of Success and Failure

• Field survey of 50 SMEs
• Social profile of entrepreneurs
• Access to capital at start-up is a major concern
2018 Study
SMEs: Factors of Success and Failure
2018 STUDY
SMEs: FACTORS OF SUCCESS AND FAILURE

- ضعف القدرات المالية من بداية إنشاء المشروع: 62.75%
- الإجراءات الرسمية للتسجيل وبدء المشروع: 11.76%
- صعوبات في التسويق والبيع: 7.84%
- ندرة توفر العمالة الفنية الكفؤة: 5.88%
- تكاليف الإنتاج مرتفعة: 3.92%
- توفير السيولة الكافية وإدارتها بكفاءة: 1.96%
- عدم رغبة البنوك في تقديم المساعدة المالية: 1.96%
- ندرة توفر المهارات الإدارية المتميزة: 1.96%
- أسعار الكهرباء تحد من الإنتاج بكفاءة: 1.96%
Economic and Social Council
2018 Study
SMEs: Factors of Success and Failure

Was it difficult to obtain capital?

- %69 نعم
- %31 لا
What were the difficulties?

- 29% صعوبات مع المؤسسات المانحة
- 23% صعوبات في الاقتراض والخدمات المصرفية
- 13% صعوبة إيجاد الضمانات والرهونات والكفلاء
- 26% صعوبات في السيولة وإدارة رأس المال
- 10% صعوبات نوجستية