

# Development of Rural and Disadvantaged Areas in Jordan

Programme name	Cooperation with Arab Donors from Gulf Countries
Commissioned by	BMZ
Partner	Islamic Development Bank (IsDB)
Implementing Agency / Partner	Jordanian Hashemite Fund for Human Development (JOHUD)
Project objective (short form)	Enhancing community engagement and create job opportunities at local community level, with a focus on women and youth
Duration	06/2016 – 04/2018

*Areas in Jordan.* GIZ/BMZ and IsDB jointly funded the project in two rural areas, Wahadneh village in the Governorate of Ajlun, and Ghour Al-Safi, a town in the Governorate of Karak.

## Objective

The main objective of the project *Development of Rural and Disadvantaged Areas in Jordan* was to enhance community engagement and create job opportunities at local community level, with a focus on women and youth. The project ran from 2016 to 2018 and contributed to strengthen rural resilience in these sample regions.

## Context

Unemployment rates in Jordan currently stand at 13.6% overall, with an all-time peak at 18.7% in 2018. The unemployment rate for the age group of 15 to 24 is 39.8%. Vulnerability in Jordan is largely due to the lack of economic development and infrastructure. Increase of prices, low wages and dwindling governmental support of social safety nets are major factors that contribute to the increase in poverty. The problem has significantly exacerbated after the Syrian crisis and the hosting of Syrian refugees in different areas of Jordan. Pressure on social infrastructure, natural resources and employment has increased according to studies of the [Ministry of Planning and International Cooperation \(MOPIC\)](#).

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has established an Open Regional Fund (ORF) for the Middle East and North Africa region. The Fund is managed by the regional programme Cooperation with Arab Donors from Gulf States (CAD). In partnership with the Islamic Development Bank (IsDB) and the Jordanian Hashemite Fund for Human Development (JOHUD), CAD implemented the project *Development of Rural and Disadvantaged*

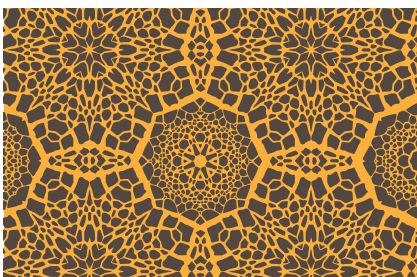
## Approach

CAD supported micro-finance trainings and IsDB financed interest-free loans. In total, 70 loans were successfully concluded. Pro-active community members established businesses and developed business activities; funding was mostly needed as a temporary financial support to acquire certain machineries or equipment. Out of the 70 loans, 67 loan takers paid back successfully. The loans were handled by JOHUD's partner organisation AL NUMOTHAJIAH that operates as a regular micro-finance organisation in Jordan, with twelve branches countrywide. AL NUMOTHAJIAH agreed to handle the project's loan schemes on a zero-interest rate basis.

The two selected villages were classified as disadvantaged areas since most inhabitants did not qualify for regular banking loan schemes. In Jordan, JOHUD maintains 50 Community Development Centers (CDC) in the governorates, where its local staff had a sense of local priorities. CDC also included volunteers' groups, for instance women or youth, who were invited in the course of the project to join committee sessions in an advisory function.

Village Development Councils (VDCs) were established and trained by using GIZ funds. The VDCs comprised well-acknowledged personalities from local public life, or local experts mostly representing governmental organisations; in one out of two VDCs, representatives from youth groups or female youth groups involved in an advisory function. This was actively promoted by GIZ/CAD.

The Village Development Councils convened at the CDC and set up the local project framework; its members were trained by JOHUD as a capacity development measure, in specific business development skills and micro-finance education. JOHUD and





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AL NUMOTHAJIAH, in cooperation with the VDCs, conducted a market analysis in targeted areas in order to initiate applications for income-generating projects and loan schemes. In addition, the VDCs played a vital role in helping the beneficiaries promote their project proposals, and in granting them support before and after the project implementation.

The follow-up on individual loan-based projects was twofold: AL NUMOTHAJIAH followed up on the loan schedule's financial aspect, on a monthly basis; JOHUD followed up on technical skills requirements, for example communication skills, marketing, financial management, book keeping. Findings were summarised in a report to MOPIC, shared thereafter with IsDB and GIZ.

## Results

Loans were high in demand and provided above the expected base line, with a high success and repayment rate. The large number of both female and male beneficiaries were persons in need of temporary funds or kick-off funding in order to acquire certain machinery or equipment otherwise out of their range. Examples are: Technical equipment for a female-run photography studio for spotlights, background tapestry, shelves, computer; a female-run handicraft workshop for sewing; technical equipment for refurbishing one male-run and one female-run local grocery store a local shisha café with a popular Bedouin tent structure, for interior equipment and materials, or equipment of a local water treatment plant for costly water filter appliances; agricultural appliances for ground clearing for grape farming, irrigation piping for seed farming; irrigation piping for banana farming.

At the same time, beneficiaries refrained from applying for the maximum loan amount possible. Pay-backs, at the same time, represented only a minor challenge of this project.

This success is partly owed to the well-done pre-selection of both female and male applicants. As a requirement, applicants underwent trainings focussing on project planning such as proposal writing, establishing a business plan and project implementation,

such as communication skills, marketing, financial management, accounting and bookkeeping.

According to the sample, out of 120 female and male training participants, only 23 female and male beneficiaries received loans; this equals five times more training participants than loan beneficiaries. Potential trainees included all ages from 16 to 65; most beneficiaries were between 22 and 65, with two peaks at the late twenties and at the late fifties. The target group also included both female and male university graduates in their mid-twenties, who took up entrepreneurial endeavours instead of remaining jobless after their graduation. The project's gender ratio was generally 50:50. JOHUD and AL NUMOTHAJIAH stressed that operations in a larger financial scope were recommended, involving more applications, since such projects could underline a reversal of rural exodus trends and over-growth of cities.

## About IsDB

The Islamic Development Bank (IsDB) is a regional development bank linked to the Organisation of Islamic Cooperation (OIC) that became operational in 1975.

IsDB is part of the Islamic Development Bank Group and consists of 57 member countries, driven by South-South exchange. Member countries must be members of the OIC and pay contributions to the capital of the Bank, based on the terms and conditions by the IsDB Board of Governors, composed of representatives of the 57 member countries. Islamic Finance is a key element.

IsDB has set up regional hubs in a large number of countries, covering almost every continent and has taken implementation into focus. IsDB is highly interested in cooperation with implementation agencies like GIZ.

For more information about IsDB please visit: <https://www.isdb.org/>  
For more information about JOHUD please visit: <http://www.johud.jo>

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