



# COVID–19 RESPONSE

## Rapid Assessment of Small Businesses & Entrepreneurs in Jordan

MARCH 2020

### Current Business Climate

The effects of the COVID-19 outbreak that has shutdown all non-essential economic activity in Jordan will have multiple layers of economic impacts that create breakdowns in supply chains for basic needs and livelihood inputs, potential shortages and price spikes in key goods, reduced markets, reduced spending, and reduced trade. Mercy Corps reached out to a wide spectrum of program participants, including entrepreneurs and small business owners in the dairy and livestock sectors, to get a better understanding of how businesses are being impacted during the shutdown and what mitigating measures they are taking.

- **Different Businesses. Different Effects.** Economic shocks provide both opportunities and threats, affecting different businesses in different ways. Some digital platforms that provide services in line with hygiene and social distancing protocols—such as a mobile application that specializes in the delivery of groceries—are likely to see an increase in sales if/when they are allowed to operate. However, most businesses are being negatively affected by the shutdown.
- **Short-term vs. Long-term Impacts.** There is a general level of anxiety among most business owners with the great deal of uncertainty on how long the restrictions will be in place and the long-term impacts on their businesses. In some sectors the losses are clear, particularly in the prepared food services industry. In other sectors, sales may simply be delayed until the restrictive measures are lifted.
- **Self-reliance Networks.** As businesses adapt, they are leveraging their networks to either provide or receive support from other businesses where possible.

# Recommendations



**Continue to monitor and assess economic impacts at different stages in time.** Market dynamics can change very quickly and the development community needs to understand how business models and incentives are changing as the situation evolves.



**Research impacts on vulnerable groups: women and refugees.** Vulnerable groups generally have smaller support networks and financial safety nets to rely on in times of crisis. Research should be conducted to understand the unique needs of vulnerable groups in order to deliver more targeted solutions.



**Support businesses with advertising post-shutdown.** While some businesses will not be able to recapture lost sales due to the shutdown, others may have the ability to. The development community can provide advertising funding support to help businesses rebook cancelled appointments during the shutdown or market existing or new products/services as a safer alternative to others.



**Layer humanitarian assistance with market support.** Development actors should consider providing humanitarian interventions, such as cash transfers, to meet immediate needs while simultaneously helping to strengthen the broader market system.



**Ensure modern banking tools and financial inclusion programming are integrated into all programs.** Restrictions on movement due to COVID-19 have exposed the need to support our partners in obtaining modern payment systems, including digital wallets, to ensure ease of payment delivery and financial support during economic hardship events like this one.



**Support the creation of an ecosystem that supports financial inclusion at all levels.** Development actors should partner with financial institutions to increase the use of digital wallets and decrease reliance on cash transactions.



**Support businesses to leverage the use of technology.** The COVID-19 economic shutdown highlighted the lack of technology used in business operations. The use of technology platforms to carry out electronic fund transfers as well remote management may allow individuals to continue working during this time.



**Promote technology solutions that can provide market-based crisis adaptations.** The current crisis has highlighted the effectiveness of technology-driven businesses, specifically in their ability to continue operating through their digital platforms.

▶ **EXAMPLE:** Mercy Corps partner, Salalem—a technology company that creates and delivers digital training courses—is speeding up the development of the library of offerings.



**Work to reduce credit risk for businesses and individuals.** Businesses and employees, especially hourly wage earners, will struggle during this period. The donor community should create a fund to alleviate some of the pressure and/or advocate for the restructuring of loan payments schedules, providing low interest working capital with flexible terms to support businesses, cancelling fees or additional interest charges on late repayments as a result of the crisis and offering zero interest consumption loans for vulnerable individuals.



**Support businesses to help spread appropriate hygiene messaging to combat COVID-19.** Businesses are often seen as unbiased disseminators of factual information when trust in the government is low. The development community should support businesses in the dissemination of accurate and timely information related to COVID-19.