

Country Assessment for Jordan Report on dialogue with civil society

Introduction

On 22 May 2012 the EBRD held a workshop with civil society organisations (CSOs) in Amman, Jordan with the aim to introduce the EBRD, its mandate and business model to CSO participants as well as to solicit CSO inputs on the operational environment – including transition challenges, business environment and political context. The aim of the workshop was also to receive comments on the Bank’s potential operational priorities in Jordan. This exercise was part of a series of discussions and meetings with civil society held in the SEMED region by the EBRD. The discussion was based on the Concept Note that was used for the preparation of the Country Assessment and dialogue with the Jordanian authorities.

The Civil Society Engagement Unit identified a diversified range of relevant civil society organisations and representatives to ensure that civil society’s views on the planning, implementation and expected impact of the Bank’s future engagement in the country could be voiced. The CSOs were identified according to five thematic areas: democracy and human rights; transparency and accountability; environmental issues; gender and inclusion issues; and entrepreneurship and small and medium sized business development. In addition, the Bank disseminated information about the workshop via international and local CSO networks as well the EBRD website, Facebook and Twitter pages to reach out to a wide range of civil society stakeholders.

33 representatives coming from 25 different Jordanian civil society organizations, including human rights NGOs, women's groups, academics, young entrepreneurs, environmental lawyers, foundations, think tanks and SME development groups took part in the meeting. The list of organisations is included in the Annex to this report.

CSO comments

Policy dialogue

CSOs highlighted that the EBRD should engage in active policy dialogue with the government to foster structural and institutional reform. There is a need for a new strategic framework that would bring jobs and greater equality, and the Bank was encouraged to place equal emphasis on technical assistance as on the financing of projects. CSOs stressed several times the importance of applying cultural sensitivity while operating in Jordan. New economic models and innovation are welcome in Jordan as long as they are applied with sensitivity to what has been tried in the past and the specificities of Jordan’s history and culture. Any kind of external co-operation, from aid funds to technical co-operation for business sector development should be rethought in view of the socio-economic, political and cultural consequences brought about by the Arab uprisings, according to Jordanian CSO participants.

CSOs acknowledged that the situation in Arab countries might to some extent be compared to the transition process in Eastern Europe. However, CSOs warned about a simplistic approach and urged the EBRD to acknowledge each country’s specificities while applying lessons learned from other geographical areas.

EBRD mandate

CSOs positively acknowledged the political aspects of the mandate of the Bank as set forth by the Article 1. CSOs welcomed the decision to conduct a review of the political assessment methodology. CSOs expressed their concerns that the Bank might operate too much like a commercial bank unless it applies its sustainability and political mandates consistently.

Civil society representatives encouraged the EBRD to seek synergies with other international financial institutions operating in Jordan avoid overlaps. According to CSOs, even though the EBRD's mandate focuses on driving for change towards the establishment of well-functioning market economies, the EBRD should acquire an in-depth understanding of developmental issues affecting the country, such as poverty, unemployment (particularly of youth), water scarcity and rural vs urban development.

Banking and SME financing

Civil society representatives valued the role of the EBRD in promoting a market economy and therefore stressed the importance of the EBRD engagement in promoting good governance of corporates and financial institutions, which should aim at promoting value chains and innovation to boost competitiveness of the private sector. According to CSOs, EBRD should promote the consolidation of banks in Jordan as the number of commercial banks is currently very large. CSOs urged the Bank to come to grips with the principles of Islamic banking while operating in the country in order to ensure respect of Islamic banking practices. Regarding SME financing, lack of proper methodology for SME finance by commercial banks, limited access to credit and particularly high interest rates were regarded by CSOs as the main issues faced by SMEs. In addition to financial constraints, the Bank should also take into consideration non-financial barriers challenging a scale-up of the private sector and urged the EBRD to actively engage in policy dialogue with authorities in order to prompt reform in financial and economic policies.

Transparency and accountability issues

CSOs were unfamiliar and therefore concerned about the way the EBRD identifies its clients and ensures integrity. EBRD management explained that the Bank is both proactive and responsive in the selection of business clients and CSOs were reassured that the Bank acts independently in the choice of business partners. CSO representatives highlighted that widespread corruption prevents Jordan's economy from moving forward and affects both the private and the public sector. They commented further on the weak system of checks and balances, loose accountability procedures and potential for abuse at a high level. While operating in the country, the EBRD should ensure that its activities do not fuel further corruption and enforce preventive measures against it, according to Jordanian CSOs.

Gender and social inclusion

The CSOs said that the gender approach of the Bank, both in terms of gender mainstreaming of projects and promotion of gender equality, should be rooted in the cultural understanding of the socially constructed roles of women and men in the Arab world. CSOs strongly advocated that gender inequality, in particular in the economic environment, should be addressed in the Country Assessment. EBRD management acknowledged that the Concept Note had only limited references to gender but that Country Assessments would reflect gender inclusion issues more extensively, both from the point of view of defining gender inclusion gaps and also indicating how the Bank's operations could address those gaps. Management confirmed that this is an important transition issue, since a market economy cannot be considered to be well-functioning without the inclusion of women. They also referred to the Bank's Gender Action Plan and informed CSOs of the gender-related aspects the Bank's Environmental and Social Policy.

In addition, CSOs encouraged the Bank to further take into consideration the social inclusion of disadvantaged groups, especially of rural communities and low income households, while operating in the country.

EBRD engagement with civil society

CSOs welcomed the EBRD initiative to engage with civil society, and, in view of the EBRD focus on the private sector, asked for clarifications with regards to their role in the Bank's work. The Bank management highlighted that CSOs have an important accountability function as well as serving as a source of expertise. The EBRD values the information coming from sources on the ground, which is used to inform assessments of the operational environment as well as existing and potential investments and operational priorities. The Bank was urged to actively engage with civil society and provide capacity building to CSOs, in particular to those engaged in fostering the market economy (e.g. youth and women's economic empowerment, SME development). Management explained that the Bank currently has donor-supported stakeholder engagement plans in association with a number of investment projects – especially in municipal infrastructure – and is considering opportunities to engage in capacity building of CSOs in a limited manner and in line with the EBRD mandate. A key message was that the Bank wants to work in partnership with CSOs to improve its understanding of the countries in its new region and to enhance the quality of projects and service delivery.

Conclusion

The workshop with civil society in Amman informed the development of the Country Assessment for Jordan, which will guide the EBRD's operations in the country during the second phase of engagement and until a country strategy is approved by the Board of Directors. The workshop represented an opportunity for the Bank to take stock and analyse the contribution of civil society to the Bank in terms of informing all aspects of the Bank's investment strategy, assessment of the operational environment and evaluation of results. CSOs provided the Bank with civil society's perspective on the transition challenges faced by the country and welcomed the opportunity to further engage with the EBRD.

The dialogue between civil society and EBRD representatives represented a valuable input for the preparation of the Country Assessment for Jordan. Civil society's recommendations were reflected to a large extent in the Country Assessment, which addresses the main transition challenges faced by the country. The Country Assessment acknowledges civil society's concerns regarding the political environment, transparency and accountability, and business development. The Country Assessment dedicates specific sections on the collaboration between the EBRD and other IFIs and on gender issues. The Assessment further recognises the challenges in implementing corporate governance and achieving energy efficiency in Jordan and proposes steps forward. The Bank values the contribution of civil society in promoting public dialogue about decisions that affect the lives of local people and environments, as well as holding governments and policy makers publicly accountable.

Annex

List of civil society organisations

1. Sot Al Canon
2. Friedrich Ebert Stiftung
3. Sama Center
4. Jordan Environment Society
5. Foundation for Future
6. Jordan Green Building Community
7. University of Jordan, Faculty of Economics
8. The German Jordanian University
9. ABCD
10. Center for Strategic Studies
11. WAEDAT
12. Euro-Mediterranean Human Rights Network (EMHRN)
13. MEPI Network/ ILE
14. Care Jordan
15. Arab Women Organization
16. Amman Center for Human Rights
17. Mediterranean Network for the Development of Local Communities to end Discrimination, Violence and Disparities (MNT)
18. Mizan Law
19. Identity Center
20. Young Entrepreneur Association (YEA)
21. Scopi/ YEA
22. Rawafed/ YEA
23. Young Women's Christian Association
24. International Center for Not-for-Profit Law
25. USDWC