



# Jordan eTrade Readiness Assessment







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## NOTE

Within the UNCTAD Division on Technology and Logistics, the E-Commerce and Digital Economy Branch carries out policy-oriented analytical work on the development implications of information and communication technologies (ICTs) and e-commerce. It is responsible for the preparation of the Digital Economy Report (DER) as well as thematic studies on ICT for Development.

The Branch promotes international dialogue on issues related to ICTs for development and contributes to building developing countries' capacities to measure the information economy and to design and implement relevant policies and legal frameworks. It also monitors the global status of e-commerce legislation (UNCTAD Cyberlaw Tracker). Since 2016, the Branch has coordinated a multi-stakeholder initiative entitled eTrade for all (etradeforall.org), which aims to improve the ability of developing countries, particularly least developed countries (LDCs), to use and benefit from e-commerce. The initiative is also behind the UNCTAD eTrade for Women (eT4w) programme, launched in 2019, which aims to promote a more inclusive digital economy, in particular through its network of Advocates. These female digital entrepreneurs are active in all developing regions and contribute to capacity-building, mentoring and awareness raising activities for more inclusive gender policies.

Reference to companies and their activities should not be construed as an endorsement by UNCTAD of those companies or their activities.

The following symbols have been used in the tables:

**Two dots (..)** indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row;

**A dash (-)** indicates that the item is equal to zero or its value is negligible;

**Reference to "dollars" (US\$)** means United States of America dollars, unless otherwise indicated;

**Details and percentages** in tables do not necessarily add up to the totals because of rounding.

**Reference to "JOD"** means Jordanian Dinar. For the purpose of this report: JOD 1 = US\$ 1.41 (17 July 2021).



## PREFACE

The eTrade for all Initiative, launched at the fourteenth Ministerial Conference of UNCTAD in July 2016, is a practical example of how to harness the digital economy in support of the 2030 Agenda for Sustainable Development, notably Sustainable Development Goals (SDGs) 5, 8, 9, and 17. The initiative seeks to raise awareness, enhance synergies, and increase the scale of existing and new efforts by the development community to strengthen the ability of developing countries to engage in and benefit from e-commerce by addressing seven relevant policy areas:

- E-commerce readiness assessment and strategy formulation
- ICT infrastructure and services
- Trade logistics and trade facilitation
- Payment solutions
- Legal and regulatory frameworks
- E-commerce skills development
- Access to financing

As a spin-off of this initiative, the eTrade Readiness Assessment programme (eT Ready) offers an analysis of the digital and e-commerce ecosystems in the beneficiary countries. Each assessment provides policy recommendations based on the challenges and opportunities for e-commerce development identified across the seven policy areas. In order to operationalize the recommendations, UNCTAD set up an Implementation Support Mechanism (ISM) in 2020, and the first results have highlighted the progress made by beneficiary countries in the implementation of certain reforms aimed at accelerating e-commerce and the digital economy.

The 27 assessments conducted to date by UNCTAD in collaboration with eTrade for all partners also contribute to capacity-building in beneficiary countries and to the necessary coordination between the various public and private stakeholders. This multi-stakeholder approach facilitates their participation in the various discussions on the subject at the national, regional, and international levels, such as UNCTAD's Intergovernmental Group of Experts on E-commerce and the Digital Economy. Finally, these assessments are more useful than ever in the context of the COVID-19 crisis, which has led to an explosion in e-commerce and an acceleration of digital transformation, a trend that is expected to continue throughout the post-COVID-19 recovery. The international community, governments and the private sector must work together to find innovative solutions to take advantage of these opportunities for inclusive e-commerce.

The eT Ready of Jordan is the twenty-eighth such assessment conducted by UNCTAD, and the third covering a developing (non-LDC) country. Jordan has an incredible potential to harness the opportunities offered by e-commerce to diversify its economy by boosting trade and exports, create jobs, and stimulate innovation and productivity, while building trust among consumers and merchants to engage in online transactions. I hope this report and the follow-up support provided by UNCTAD will contribute to the efforts of the Government of Jordan in accelerating its digital transformation, to create an enabling environment for businesses, and foster e-commerce for sustainable development.

**Shamika N. Sirimanne**

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## ABBREVIATIONS

<b>ABJ</b>	Association of Banks in Jordan
<b>ACH</b>	Automated Clearing House
<b>ADC</b>	Aqaba Development Corporation
<b>AfT</b>	Aid-for-Trade
<b>AI</b>	Artificial intelligence
<b>API</b>	Application Programming Interface
<b>ASYCUDA</b>	Automated System for Customs Data
<b>ATM</b>	Automated teller machine
<b>B2B</b>	Business-to-business
<b>B2C</b>	Business-to-consumer
<b>BDC</b>	Business Development Center
<b>BPWA</b>	Business and Professional Women Association-Amman
<b>CBJ</b>	Central Bank of Jordan
<b>CCD</b>	Companies Control Department
<b>DFS</b>	Digital Financial Services
<b>DoS</b>	Department of Statistics
<b>DP</b>	Development partner
<b>EIF</b>	Enhanced Integrated Framework
<b>ENTF</b>	E-commerce National Task Force
<b>ERP</b>	Enterprise resource planning
<b>ESCWA</b>	United Nations Economic and Social Commission for Western Asia
<b>ESTTF</b>	Executive Secretariat for Trade and Transport Facilitation
<b>EU</b>	European Union
<b>FSP</b>	Financial service providers
<b>G2B</b>	Government-to-business
<b>G2C</b>	Government-to-consumer
<b>GDP</b>	Gross domestic product
<b>GDPR</b>	General Data Protection Regulation
<b>GPS</b>	Global Positioning System
<b>ICT</b>	Information and Communications Technologies
<b>IoT</b>	Internet of things
<b>IMF</b>	International Monetary Fund
<b>Int@j</b>	Information and Communications Technology Association of Jordan
<b>ISIC</b>	International Standard Industrial Classification
<b>ISP</b>	Internet service provider
<b>ISSF</b>	Innovative Startups and SMEs Fund
<b>IT</b>	Information technology
<b>ITC</b>	International Trade Center
<b>ITU</b>	International Telecommunication Union
<b>JCC</b>	Jordan Chamber of Commerce
<b>JCI</b>	Jordan Chamber of Industry
<b>JEDCO</b>	Jordan Enterprise Development Corporation



<b>JEIA</b>	Jordan Entrepreneurship & Innovation Association
<b>JFDA</b>	Jordan Food and Drug Administration
<b>JIC</b>	Jordan Investment Commission/Ministry
<b>JLA</b>	Jordanian Logistics Association
<b>JOD</b>	Jordanian Dinar
<b>JONEPS</b>	Jordan National Electronic Procurement System
<b>JoPACC</b>	Jordan Payments & Clearing Company (JoPACC)
<b>JP</b>	Jordan Post
<b>JSMO</b>	Jordan Standards and Metrology Organization
<b>KSA</b>	Kingdom of Saudi Arabia
<b>LDC</b>	Least developed country
<b>MC</b>	Media Commission
<b>MENA</b>	Middle East and North Africa
<b>MEPI</b>	U.S.-Middle East Partnership Initiative
<b>MFIs</b>	Microfinance institutions
<b>MIT</b>	Ministry of Industry, Trade and Supply
<b>MoDEE</b>	Ministry of Digital Economy and Entrepreneurship
<b>MoF</b>	Ministry of Finance
<b>MoL</b>	Ministry of Labor
<b>MoP</b>	Ministry of Planning and International Cooperation
<b>MoT</b>	Ministry of Transport
<b>MSMEs</b>	Micro, small, and medium-sized enterprises
<b>NAFTA</b>	North American Free Trade Agreement
<b>NCPs</b>	Net Clearing Positions
<b>NCSC</b>	National Cybeseurity Council
<b>NCTTF</b>	National Committee for Trade and Transport Facilitation
<b>NGO</b>	Non-governmental organization
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>ORE</b>	Operational Readiness for Ecommerce
<b>POS</b>	Point of sale
<b>PPP</b>	Public-private partnership
<b>PSP</b>	Payment Service provider
<b>RIA</b>	Regulatory impact assessment
<b>SDC</b>	Securities Depository Center
<b>SMEs</b>	Small and medium-sized enterprises
<b>TCTTF</b>	Technical Committee for Trade and Transport Facilitation
<b>TFA</b>	Trade Facilitation Agreement
<b>TRC</b>	Telecommunications Regulatory Commission
<b>TSIs</b>	Trade support institutions
<b>TVET</b>	Technical and Vocational Education and Training
<b>TVSDC</b>	Technical and Vocational Skills Development Commission
<b>UAE</b>	United Arab Emirates
<b>UNCITRAL</b>	United Nations Commission on International Trade Law
<b>UNCT</b>	United Nations Country Team in Jordan
<b>UNCTAD</b>	United Nations Conference on Trade and Development



<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UOP</b>	University of Petra
<b>UPU</b>	Universal Postal Union
<b>US\$</b>	United States dollar
<b>VAT</b>	Value-added tax
<b>WB</b>	The World Bank
<b>WTO</b>	World Trade Organization



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## EXECUTIVE SUMMARY

### Introduction

E-commerce presents an important opportunity to address some of the major challenges faced by the Jordanian economy and to become a driver of sustainable economic growth. Jordan has experienced an economic slowdown in recent years, with GDP growth dropping from an average of 5.1 per cent in 2000-2015 to 2.0 per cent in 2016-2019. In 2020, the global COVID-19 pandemic had negative consequences for the Jordanian economy, albeit to a lesser degree than in neighboring economies, with GDP falling by 1.6 per cent.<sup>1</sup> The economy is gradually returning to a growth path, with an expected 1.9 per cent increase in GDP in 2021.<sup>2</sup>

Amid the overall uncertainty and massive developmental impacts, the pandemic has demonstrated the urgency to accelerate e-commerce as a way to cope with distancing measures and as an engine for trade and economic growth, including in Jordan. A recent study conducted by UNCTAD on the impact of COVID-19 showed that e-commerce increased globally as a result of the pandemic, highlighting the need for supporting digital transformation.<sup>3</sup> A consumer survey conducted by the market research company Statista found substantial increases in the use of e-commerce among Arab countries, with a third of the respondents from Jordan saying that they have been shopping online more frequently during the pandemic.<sup>4</sup> Despite the lack of widespread data, evidence and estimates indicate that the use of digital solutions has continued increasing during the pandemic. Notably, the easing of lockdown policies in the second quarter of 2020 did not result in a decline in the number of online purchases, which highlights the future promise of e-commerce in Jordan.

While the full potential of e-commerce remains untapped, there are three major factors that could spur digital growth in Jordan: its tech-savvy young population, the relatively well-developed ICT and innovation sectors, and the strategic position of Jordan between the East and the West. Jordan also benefits from a mature business environment with regard to

digital companies and startups, financing institutions, incubators, accelerators, and other mechanisms supported by a myriad of local and international partners. This is another positive factor for the development of e-commerce in the country, provided that high-level governmental support translates into enhanced coordination among all stakeholders, including development partners, and continuous improvement of the quality of services provided along the entire e-commerce value chain.

### E-commerce readiness assessment and strategy formulation

The state of e-commerce in Jordan is considered relatively advanced, having a medium readiness on the UNCTAD B2C E-commerce Index.

A national e-commerce strategy was adopted already in 2008 but was not fully implemented. The overall e-commerce ecosystem in the country at the time, the dedicated human and financial resources, and the necessary implementation mechanisms were not adequate for its implementation. Unlike 10 years ago, at present Jordan seems to be in a better position to create a conducive environment for a thriving e-commerce. National plans and policies are calling for the development of a strategic roadmap to promote e-commerce in the country, to boost online and trade activities and make it an effective tool to enable export growth.

While the volume of online transactions is increasing, there is limited statistical data on the volume of e-commerce. Coordination and cooperation among e-commerce players are limited. Several initiatives are in place to improve the business climate and accelerate the digital transition. However, they often work in silos, leading to inefficiencies. Closer collaboration is needed to streamline their efforts and optimize the results.

### ICT infrastructure and services

Jordan has been a pioneer in the development of a highly competitive ICT sector in the MENA region.

<sup>1</sup> CBJ, *Annual Report 2020, June 2021*

<sup>2</sup> *World Bank Jordan's Economic Update — October 2021*

<sup>3</sup> [https://unctad.org/system/files/official-document/dt1stict2020d13\\_en\\_0.pdf](https://unctad.org/system/files/official-document/dt1stict2020d13_en_0.pdf) (p. 41)

<sup>4</sup> <https://www.statista.com/statistics/1202891/menap-expectation-online-shopping-frequency-by-country/>



ICTs have been an engine of growth for the national economy in general and e-commerce in particular. In recent years the sector has experienced exponential growth, in large part due to support from the highest political level and a long-standing enabling environment.

Both fixed and mobile communications are liberalized with multiple service providers. 3G and 4G networks are available, and a 5G network is expected to be available by 2023. However, there are significant inequalities between urban and rural areas regarding Internet and mobile connectivity, which have an adverse impact on the establishment and growth of startups outside major cities. In addition, the cost of the Internet remains high, and users across the country often experience bandwidth and connectivity issues.

### Trade logistics and trade facilitation

Trade facilitation and delivery costs are key factors for creating an environment conducive to e-commerce. In Jordan, however, the capacity of local delivery service providers is insufficient. The time needed for the last mile delivery frequently exceeds the time for international delivery. High national and international delivery costs pose challenges to e-commerce development.

The postal system consists of a public postal operator and several private postal operators with local and international licenses. The quality and efficiency of the latter, however, exceed those provided by the Jordan Post Company.

With regard to trade facilitation, Jordan performs well on international rankings, but improvements are necessary in the area of cross-border trade. The physical addressing system is only partially implemented. However, service providers have been able to circumnavigate this problem by using technology-based solutions.

### Payment solutions

While Jordanian businesses and consumers prefer traditional in-cash payment methods, the Central Bank of Jordan and other actors have exerted efforts to shift towards electronic payments, and

noticeable progress has been achieved in this regard. The Central Bank operates several retail payment systems allowing electronic payments. The regulatory framework supports the development of the financial sector and electronic payments. Major reforms were introduced over the past couple of years to govern and improve various aspects of financial transactions.

Since the outbreak of the COVID-19 pandemic, the Central Bank of Jordan has implemented a series of measures to protect the economy and society from its impact, which resulted in a sizeable increase in electronic transactions in 2020. The number and use of e-Wallets are also growing exponentially. Nonetheless, the vast majority of SMEs have not adopted e-payment solutions.

### Legal and regulatory frameworks

The current Jordanian legal and regulatory frameworks do not offer the necessary provisions to support the development of e-commerce through adequate protection of SMEs and consumers. While a number of laws have been drafted and promulgated, they are incomplete or partially implemented, do not align with regional and international best practices, and do not adequately address the specific needs of e-commerce and the digital economy. Some laws – such as with regard to data and privacy protection – are absent. Most SMEs in Jordan are also not aware of the existing laws and regulations and how they protect their interest concerning electronic transactions.

### E-commerce skills development

While Jordan is a regional leader in the modernization and development of its educational system,<sup>5</sup> university graduates still lack the skills and talents required by e-commerce and the digital economy. There is a high and increasing demand for e-commerce programmes. Currently, Jordanian universities introduced new e-commerce and tech-based programmes.

Public and private sector stakeholders and development partners are implementing numerous initiatives to build the capacities of both SMEs and graduates to develop their digital skills. However, these efforts are not well coordinated, which leads to sub-optimal results in the acceleration of Jordan's transition into a digital economy.

<sup>5</sup> [https://www.modae.gov.jo/En/Pages/ICT\\_Investments](https://www.modae.gov.jo/En/Pages/ICT_Investments)





Overall, business growth has been slow and limited, and the SME ecosystem is still in an early stage of development. The public sector also lacks the necessary skills and knowledge for seizing the benefits of e-commerce and for building an enabling environment for online trade.

### Access to financing

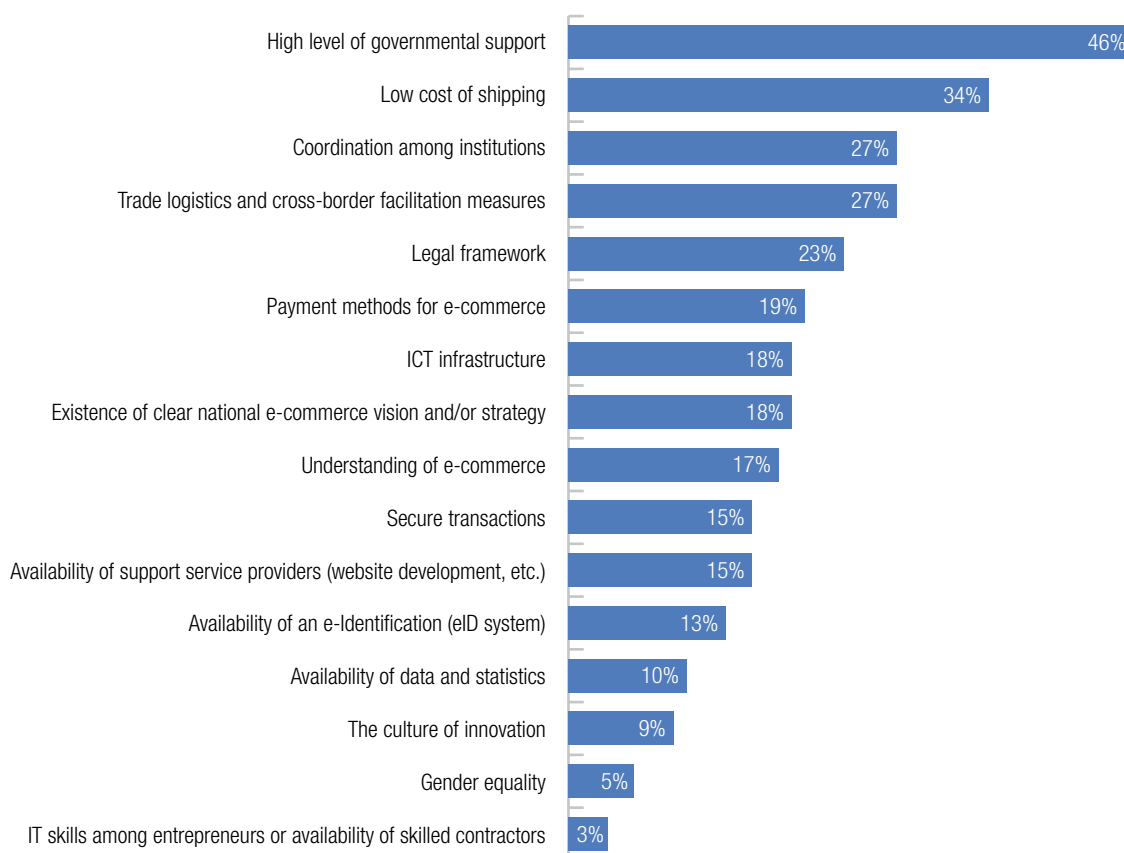
The Central Bank of Jordan has introduced many reforms and policies to improve access to credit and financial opportunities for all segments of the population. Nevertheless, loans from licensed banks do not serve the needs of entrepreneurs and SMEs. In particular, the interest rates offered by banks are too high for entrepreneurs, despite the reduced interest rates provided by the Central Bank. Furthermore, banks' requirements for collateral prevent entrepreneurs –

especially youth, women, and other vulnerable groups – from accessing financing opportunities.

The financing market also offers limited opportunities for access to venture capital. While initiatives to financially support SMEs exist, entrepreneurs are not always aware of their existence. SMEs also lack the knowledge of how to evaluate their funding needs, especially regarding e-commerce, which is a relatively new field. This lack of awareness reduces the likelihood of companies applying for financing. Overall, the financing system currently does not provide the support that startups need to establish, grow, and engage in e-commerce. Similarly, access to finance remains a major challenge for women. Female participation in startups has increased, demonstrating their potential contribution to the development of e-commerce, provided that digital and financial literacy are further improved.

**Figure 1: Enabling factors for e-commerce development in Jordan**

**Among the following, please indicate the three most relevant factors to create an environment conducive to e-commerce in Jordan (public and private sector surveys, 93 responses)**



Source: UNCTAD



## METHODOLOGY

The Jordan eTrade Readiness Assessment aims at identifying the main barriers and opportunities for e-commerce development in the 7 eTrade for all policy areas by providing a detailed diagnostic of the digital ecosystem and identifying key policy actions for which support can be mobilized.

UNCTAD has developed a five-step methodology for the project in order to: i) ensure a high level of participation and engagement of key stakeholders in the overall assessment process, ii) raise awareness on the opportunities offered by e-commerce (through capacity-building and knowledge sharing), iii) strengthen the public-private sector dialogue and enhance inter-ministerial coordination and policy coherence in the field of e-commerce, and iv) mobilize support from development partners to accelerate the country's digital transformation.

### ✓ Phase 1 | Initial consultations, January 2021

Initial consultations and outreach were conducted with the Jordanian government (the MITS) and the community of eTrade for all and development partners in Jordan, through the UN Resident Coordinator Office (UNRCO), and GIZ as the main funding partner.

### ✓ Phase 2 | Institutional setting and mapping, February-March 2021

This included the establishment of an eT Ready national task force, composed of designated focal points in relevant ministries, agencies, chambers of commerce, banks, and others, and a kick-off meeting with focal points. A mapping of national stakeholders and resident development partners active in e-commerce and digital development in Jordan was conducted.

### ✓ Phase 3 | Data collection, February-June 2021

- *Desk review:* A comprehensive desk research was carried out to analyze secondary data (national and sector-specific strategies, relevant programme, and policy documents) and compile statistics and digital-related indicators.
- *Three (3) online eT Ready Surveys:* Two questionnaires (for public and private stakeholders) and one consumer readiness survey were carefully adapted to the national context and disseminated online between March and June 2021. A total of 74 valid

responses from the private sector, 43 from the public sector, and 1 315 responses from consumers were collected and analyzed for the assessment.

- *National multi-stakeholder consultations,* from 29 March to 14 April 2021: A series of consultations were organized online through focus group discussions with relevant experts and stakeholders covering the 7 key policy areas and a dedicated session to e-commerce startups and incubators. A roundtable with resident development partners was held on 26 April 2021, in collaboration with the UNRCO, to present the project and identify synergies with ongoing digital activities and technical assistance projects in the country.
- *Bilateral meetings:*<sup>6</sup> A series of meetings were organized with key e-commerce players and public institutions to discuss their role in ongoing e-commerce initiatives and elaborate on key issues raised during the national consultations.

### ✓ Phase 4 | Report drafting, July-November 2021

- First draft of the assessment covering the 7 key policy areas, and the eT Ready Action Matrix.
- Mid-term review of the project to present preliminary results and ensure effective continuation of the project.
- Initial (internal and external) review by UNCTAD and eT4a partners.

<sup>6</sup> These also included a meeting with representatives from MoDEE, UNCTAD and UNCITRAL to review the current electronic transaction law. Another important meeting was organized with the coordinators of the Youth, Technology and Jobs Project (YTJ) under MoDEE to identify synergies with the eT Ready process.



✓ **Phase 5 | Finalization and launch of the report, December 2021-April 2022**

- National workshop to review and validate the results of the eT Ready Assessment and Action Matrix by national stakeholders.
- Final draft of the report.
- Editing, layout, and printing.
- National launch of the report, including a high-level policy dialogue around e-commerce and a donor roundtable to mobilize support for policy implementation.

In line with the eT Ready methodology, the seven eT4a policy areas were used as entry points for the assessment. These are:

- ✓ E-commerce readiness assessment and strategy formulation
- ✓ ICT infrastructure and services
- ✓ Trade logistics and trade facilitation
- ✓ Payment solutions
- ✓ Legal and regulatory frameworks
- ✓ Skills development for e-commerce
- ✓ Access to financing

The information provided in this report is based on qualitative and quantitative data collected from: I) desk research, II) responses from the 3 online surveys (public, private and consumer), III) the results of the national multi-stakeholder and bilateral consultations, and IV) specific contributions made by eT4a and development partners.



## SUMMARY OF MAIN FINDINGS AND MAIN RECOMMENDATIONS

MAIN FINDINGS	MAIN RECOMMENDATIONS
<div style="display: flex; align-items: center; justify-content: center;">  <b>e-Commerce Readiness Assessment and Strategy Formulation</b> </div>	
<p>While public and private sector trade support institutions are confident that the importance and value of e-commerce are growing, its full potential remains untapped.</p> <p>There is high interest by the MITS to further develop the e-commerce agenda. A national e-commerce strategy was developed in 2008 but has not been fully implemented. Jordan is now in a better position to benefit from e-commerce. The Jordanian Economic Growth Plan (JEGP) 2018-2022 and the General Policy for the Information &amp; Communications Technology and Postal Sectors 2018 call for developing a strategic roadmap to promote e-commerce with the aim of enhancing the e-commerce business environment and using e-commerce as an effective tool to expand exports. However, the assessment revealed that coordination on e-commerce among public and private sectors and the academia is limited. Development of e-government services is progressing but slowly, while e-participation is below the regional average. The quality of open data sources is not meeting demand from users.</p> <p>Jordan's multitude of free trade agreements (FTAs) has created a vehicle for both domestic economic development and greater integration with the global economy. The full potential of these agreements has not been realized yet however.</p>	<p>Develop an Action Plan envisaged to provide an operational tool for planning and implementing the priority actions as defined in the eT Ready Action Matrix and ensure high involvement of public and private sectors, academia, and civil society organizations. Establish a strong, accountable, and effective coordination mechanism (including an e-commerce steering committee and a dedicated e-commerce unit to be established at MITS as a secretariat), building on the established E-commerce National Task Force, to oversee the development of the sector and ensure that the risks and opportunities for sustainable development are considered early in the e-commerce development process.</p> <p>Expedite the digitalization of government services indicating specific time frames and budget and promote public sector innovation.</p> <p>Identify e-commerce priority markets and products with export potential, implement smart specialization across leading sectors with high e-commerce export potential and promote the untapped potential of the signed free trade agreements.</p> <p>Develop national capacities in collecting and disseminating reliable information and data on e-commerce.</p>
<div style="display: flex; align-items: center; justify-content: center;">  <b>ICT Infrastructure and Services</b> </div>	
<p>As an engine for growth, the ICT sector benefits from support from the highest political level in the country. There are more than 600 active companies directly employing about 16,000 employees and 84,000 jobs in the wider economy.<sup>7</sup> The two main contributors to the ICT and Information Technology Enabled Services (ITES) revenue are Telecom and IT sectors.</p> <p>In the IT sector, the software development activity has the highest revenue as well as the highest contribution to sector's exports. There are several service providers in the sector. 3G and 4G are available, and 5G will be available by 2023. ICT indicators are improving, except for mobile subscriptions. There is a noticeable decline in mobile subscriptions but a sizeable increase in the percentage of individuals using the Internet. While fixed-broadband subscriptions and fixed-telephone subscriptions increased, they are below the Arab states average.</p>	<p>Conduct a detailed analysis to identify the main challenges and reasons for the high cost of Internet use. Attract investments in broadband deployment.</p> <p>Close the gap between urban and rural divide by providing high-quality Internet coverage also in rural areas.</p> <p>Continue working towards getting 5G Internet by 2023 and develop a clear plan of action and assessment of needed time and budget.</p> <p>Finalize the revision of the General Governmental Policy for Universal Service in the Telecommunication Sector to provide higher quality and access of ICT services.</p>

<sup>7</sup> JIC, ICT Sector Profile, <https://www.jic.gov.jo/wp-content/uploads/2018/07/Sector-Profile-ICT-Final-Apr-2018-2.pdf>



It is estimated that within the next 3-4 years, all cities will be connected by fiber cables. A major gap between the services offered in major cities and rural areas exists, however. Internet users still face problems with Internet access (connectivity and bandwidth).

International statistics may underestimate ICT data in Jordan due to lack of harmonization of values and slow communication of new developments.

The General Governmental Policy for Universal Service in the Telecommunication Sector is being reviewed to ensure inclusive access and quality of services. The cost of Internet use is on top of the list of the most pressing issues according to public and private sector stakeholders, followed by investments in broadband deployment and Internet coverage in rural areas.

Harmonize data with international standards and communicate it to the relevant international agencies to reflect an updated status of Jordan's business environment, which is particularly important for investors seeking opportunities in the region.

Develop policies and programmes to promote investment in big data, cloud computing, AI, IoT, and blockchain technology.



### Trade Logistics and Trade Facilitation

Given Jordan's strategic location, transport is considered one of the vital sectors for the Jordanian economy.

The country ranked 84th in the 2018 Logistics Performance Index (LPI) of the World Bank, scoring and ranking lower than in 2010, below the average of the MENA region.

With regards to the postal system, there has been a major improvement in Jordan's ranking in the Integrated Index for Postal Development (2IPD). The Jordanian Post (JP) has a three-year action plan to develop capacities to support e-commerce and it is planning to evolve into an e-post office by early 2022. However, the capacity of local delivery service providers is insufficient. The time needed for last mile delivery of parcels frequently exceeds the time for international delivery.

The high delivery costs constitute a main obstacle for e-commerce. Consumers demand low-cost and fast delivery. Accurate data on e-commerce parcels is not available.

Customs procedures are efficient, while there is still space for improvement for cross-border e-commerce transactions. In 2021, Jordan Customs decided to upgrade their national and highly customized version of ASYCUDA to its most recent version ASYCUDAWorld.

A physical addressing system has only been partially implemented, which poses a major challenge. Consultations have started to establish an 'e-commerce city' in Aqaba.

Improve the competitiveness of the logistics service industry for domestic and foreign firms to provide online sellers with effective, efficient, and feasible delivery solutions, including the use of tech-based solutions. Analyze factors resulting in the high delivery costs and develop measures and policies to achieve lower costs.

Promote partnerships and clustering initiatives to support last-mile delivery.

Enhance data collection, accuracy, and visibility of e-commerce parcels. Improve the performance and digital transformation of postal services and study the feasibility of the JP business models.

Improve cross-border paperless trade. Improve women, SMEs, and agriculture related trade facilitation measures. Ensure the deployment of automatic processing and risk analysis of e-commerce consignments, ASYCUDA module source codes and object-oriented design in the upgrading of the latest version ASYCUDAWorld.

Complete the physical addressing system.

Study the feasibility of establishing an e-commerce city in Aqaba and compare its feasibility to other free zones and governorates.



 <b>Payment Solutions</b>	
<p>The financial sector in Jordan witnessed substantial development over recent years. Key laws and regulations support the evolution of the Jordanian financial sector and electronic payments. Since 2019, Jordan has pursued important structural reforms, introducing new regulations to govern different aspects of financial transactions.</p> <p>The Central Bank of Jordan (CBJ) implemented measures during the COVID-19 pandemic that resulted in a significant increase in electronic transactions. The number and usage of e-Wallets and prepaid cards are increasing. Still, many MSMEs do not offer customers the possibility of paying online (e-payments). In fact, many customers also still prefer to pay in cash.</p> <p>The COVID-19 related lockdown policies then accelerated the adoption of e-payments, and the trend was not reversed once Jordan started opening, showing the long-term potential. E-commerce transactions witnessed continuous increase in the usage of payment cards throughout 2020. However, most ATMs, POS, commercial bank branches, and payment service agents are located in Amman.</p> <p>Providing incentives for entrepreneurs as well as buyers, reducing operational cost, and formalizing and standardizing the certification process of mobile money in the local market are critical factors to promote e-payments.</p> <p>There is a potential for blockchain technology to improve digital payments and develop e-commerce, especially B2B.</p>	<p>Develop and implement a national outreach strategy with focus on governorates and rural areas outside Amman to increase the number of active e-Wallets by enhancing awareness and knowledge of the use and benefit of e-Wallets for consumers and enterprises.</p> <p>Facilitate registration procedures through user-friendly e-payment applications and by providing technical support during registration. Create initiatives to promote and facilitate e-payments among home-based MSMEs, women and youth. Introduce financial incentives for entrepreneurs and buyers using e-payment, reduce the operational costs of executing payment transactions, and develop payment reversal policies.</p> <p>Formalize and standardize the certification of mobile money e-commerce companies. Assess the potential for blockchain technology to improve digital payments.</p>
 <b>Legal and Regulatory Framework</b>	
<p>Existing laws related to e-commerce are under review or in the process of promulgation. The current legal and regulatory framework is inadequate for the development of e-commerce and insufficient to protect consumers and sellers online.</p> <p>Most companies are not aware of existing laws and regulations. Continuous amendments to e-commerce taxation or imposed custom service fees provide high uncertainty to investors. The costs incurred by the government to manage and collect custom fees on e-commerce parcels exceed collected revenues. The Electronic Transactions Law, which covers electronic signature, is under review to consider regional and international best practices.</p> <p>The Quality and Consumer Protection Draft Law (which includes and replaces the Consumer Protection law) is being revised by the Parliament; yet e-commerce has not been addressed.</p> <p>No law on data privacy exists yet, and a proposed law is under revision. The Cybercrime Law does not address e-commerce.</p>	<p>Build laws and regulations based on specific national objectives and Regulatory Impact Assessment (RIA), leading to a unified vision of e-commerce regulation, among others.</p> <p>Review and update existing e-commerce related laws based on regional and international best practices and models through public and private consultations. This will include the revision of the current Electronic Transaction Law in line with international best practices.</p> <p>Revise and finalize the Quality and Consumer Protection Draft Law, including provisions on e-commerce, to increase protection and trust among consumers. Ensure finalization of the draft bill on Data Privacy/Protection Law and revision of the Cybercrime Law.</p> <p>Provide the public sector with the skills needed to develop an enabling environment for e-commerce, including judges and policymakers.</p>

In general, no Regulatory Impact Assessment is conducted before developing or revising laws. There is a lack of knowledge-based policy formulation in e-commerce (also due to lack of reliable data).

The use of regulatory sandboxes and technological neutrality in the development of laws has been highly recommended. Contradictory data on e-commerce startups exist; there are difficulties in registering a business.

During consultations, e-commerce companies also highlighted the limited access to foreign talent, constrained by special permits based on an economic needs test.

Raise awareness among businesses and consumers on existing laws.

Ensure technology-neutral laws for the benefit of SMEs. Ensure transparency and clear rules and regulations around starting an e-commerce business, and reduce time, cost, and barriers to entry for new firms.

Explore further the need for a dedicated e-commerce law in light of the current work on developing an electronic sales bill, along with a special law on startups envisioned to promote innovation in and expansion of e-commerce sector. Review the entry requirements for foreign professionals to ensure entrepreneurs have adequate access to international talent.



### e-Commerce Skills Development

Jordan has a young and generally tech-savvy population with many regional and international ICT companies seeking skilled labor are located in the market.

Jordan has set a regional example in modernizing and developing its educational system, but university graduates still lack the skills and talents required by the private sector, the digital economy, and e-commerce. There is a high and increasing demand for e-commerce programmes. Currently, Jordanian universities are introducing new e-commerce and tech-based programmes including cyber security, AI, IoT, application development, fintech, and digital marketing.

Many initiatives and programmes are being implemented by both public and private local stakeholders and international development partners to build the capacity of both graduates and SMEs. However, results have been sub-optimal due to the lack of high-level coordination and integration among the multiple parties in the system.

Overall, MSMEs adoption of e-commerce solutions has been slow, and the MSMEs ecosystem is still at an early stage, partially because of the lack of understanding of the benefits that e-commerce can bring, as well as lack of coordination. Higher technical capacities across all e-commerce are needed among trade support institutions, incubators, and accelerators. The Jordanian public sector has the skills and knowledge to enable e-commerce, and key ministries are implementing strategic projects. However, only limited number of public servants have the necessary skills and knowledge to develop an enabling environment for e-commerce. The MITS and the MoDEE are not represented in The Technical and Vocational Skills Development Commission. The YTJ project could be a key pillar in developing the e-commerce. Strategic partners such as the MITS, JEDCO, and int@j are not part of the YTJ Steering Committee. Awareness in the public sector in general is required, including among policymakers, lawmakers, judges, and lawyers.

Raise awareness among SMEs on existing skills development projects relevant to e-commerce and help them take part.

Promote among SMEs engagement in e-commerce through third-party e-marketplaces. Invest in a national e-marketplace to serve as an incubator for local MSMEs e-commerce activities. Implement awareness and capacity-building programmes to increase competence in developing profitable e-commerce business models.

Design and introduce entrepreneurial training, develop a relevant business model, and provide the needed expertise at the early stages of business creation by incubators, accelerators, TSIs, and development partners. Provide open access to world-class talent and develop internship programmes as an initial capacity-building step for entrepreneurs before establishing their own business.

Build a local aid coordination working group between development partners and national stakeholders in the e-commerce sector.

Develop programmes to assist SMEs operating in e-commerce. Integrate e-commerce in export and local market development strategies (consider clustering approaches).

Ensure a higher level of coordination and integration between DigiSkills, universities, incubators, and development programmes.

Strengthen the role of the Technical and Vocational Skills Development Commission to develop capacities in e-commerce, including relevant ministries (e.g., MITS and MoDEE) in its Council.





### Access to Financing

The CBJ has introduced reforms and policies to improve access to credit and financial services. Many initiatives exist to develop the startups ecosystem, yet they need to be better coordinated.

Licensed banks' interest rates are high compared to the interest rate applied by the CBJ. Banks' requirements for collateral make it difficult for entrepreneurs to access funding (discontinuation of businesses in Jordan is one of the highest globally).

Inadequate venture capital in the market, low access to funding, and the insufficient awareness on access to finance opportunities are key challenges for e-commerce businesses to thrive. SMEs' capacities and knowledge on how to evaluate their funding needs, develop bankable business plans and funding proposals are also limited, and entrepreneurs are often discouraged by the low chances of success. Measures to increase financial inclusion exist (e.g., through the Basic Bank Account), but there is space for improvement.

The capacity of Microfinance Institutions (MFIs) needs to be enhanced to be able to provide innovative and tailored products, especially for women, youth, and other vulnerable groups. Higher technical capacity is needed within the incubators and accelerators to support start-ups growth and to expand beyond the capital city of Amman.

Provide attractive incentive packages for entrepreneurs including tax exemptions, lower registration fees and requirements, access to grants, and lower interest rates.

Improve coordination between development projects, TSIs, and incubators providing financing and technical support for startups. Establish a special accelerator for e-commerce startups.

Further lower the interest rate, especially for youth and women. Develop programmes to provide support for MSMEs to access zero-interest loans supported by CBJ or development partners.

Establish a national one-stop-shop awareness online platform on e-commerce.

Develop the needed policies to attract the establishment of venture capital funds and companies as equity-based financing for entrepreneurs to launch new e-commerce start-ups.





# FINDINGS UNDER THE SEVEN ETRADE FOR ALL POLICY AREAS

## 1. E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION

Since the adoption of the national long-term development plan, the Jordan 2025: A National Vision and Strategy (Jordan 2025 Vision, e-commerce has been given high importance. Although the specific e-commerce strategy developed in 2008 was never implemented, more recently, the Jordanian Economic Growth Plan (JEGP) 2018-2022 and the General Policy for the Information & Communications Technology and Postal Sectors 2018 called for developing a strategic roadmap to promote e-commerce as an effective tool for growing and developing exports. E-commerce in Jordan is increasing but its full potential for boosting Jordan's socioeconomic development remains untapped. Developing the e-commerce agenda requires high-level governmental support and coordinated efforts among public, private, academic, and development partners.

Before the pandemic, economic activity in Jordan was lackluster due to declining investment, eroding competitiveness, and challenging regional conditions. Annual real GDP growth dropped from an average of 5.1 per cent during 2000-2015 to 2.0 per cent during 2016-2019, reaching the lowest level in a decade. This growth rate was insufficient to address the country's pressing socioeconomic challenges, create enough jobs for the young and rapidly growing labor force or achieve significant poverty reduction.

Jordan's major economic indicators continued to deteriorate as a result of the ongoing COVID-19 pandemic, although the impact during 2020 remained relatively modest compared to peer countries with similar development level. GDP contracted, for the first time since 1989 and the economy shrank by 1.5 per cent during the first nine months of 2020<sup>8</sup> and by a further 1.6 per cent in the fourth quarter of 2020.<sup>9</sup> The gradual reopening of most Jordan's key businesses and manufacturing activities since mid-2020 helped the economy temper earlier IMF estimates of a severe 5 per cent contraction in 2020. Jordan's real GDP growth is projected to recover to 1.9 per cent<sup>10</sup> in 2021 from an overall estimated contraction of 1.6 per cent<sup>11</sup> over the previous year.

E-commerce appears to have grown significantly during the pandemic, despite the overall slowdown (in particular in the travel and tourism sectors).<sup>12</sup>

National stakeholders aspire for Jordan to become a leading e-commerce hub in the area, which reinforces the need for a unified vision and clear, strategic objectives to accelerate e-commerce for growth and export promotion. Led by the MITS, the Jordanian government intends to build the foundation of e-commerce on several strong enabling factors: 1) a young, tech savvy population: 70 per cent of the overall population (10.8 million) is under the age of 29,<sup>13</sup> 2) a relatively well-developed Information and Communication Technology (ICT) sector and infrastructure, and 3) the country's strategic location at the convergence of Asia, Africa and Europe, and its legacy of political stability.

Furthermore, Jordan benefits from a relatively business-friendly ecosystem and is considered as a regional hub for tech start-ups that serve the wider MENA region with international tech firms, established companies, presence of venture funds, startup incubators, and accelerators.<sup>14</sup> There are over 600 Jordanian companies in the ICT sector, which are a source of innovation and skills development in the country.

<sup>8</sup> World Bank, Jordan's Economic Update, April 2021, <https://thedocs.worldbank.org/en/doc/9affb87e291b0fee6409b48cb4d65f02-0280012021/original/7-mpo-sm21-jordan-jor-kcm3.pdf>

<sup>9</sup> Jordan Department of Statistics

<sup>10</sup> World Bank, Jordan's Economic Update, October 2021, <https://thedocs.worldbank.org/en/doc/9affb87e291b0fee6409b48cb4d65f02-0280012021/original/7-mpo-sm21-jordan-jor-kcm3.pdf>

<sup>11</sup> CBJ, Annual Report 2020, June 2021

<sup>12</sup> Based on feedback from stakeholders during national consultations, only limited data on e-commerce are available.

<sup>13</sup> [https://www.mod.gov.jo/EN/Pages/About\\_Jordan](https://www.mod.gov.jo/EN/Pages/About_Jordan) based on Human Development Report 2019, UNDP, Department of Statistics, 2019

<sup>14</sup> Jordan Investment Commission/Ministry, ICT Sector Profile, <https://www.jic.gov.jo/wp-content/uploads/2019/07/ICT-Sector-Profile-24-4.pdf>



### 1.1 Readiness and positioning of Jordan

Jordan is considered relatively advanced in terms of e-commerce readiness. In the UNCTAD B2C E-commerce Index, the country ranked 76<sup>th</sup> out of 152 world economies in 2020 (up from 80<sup>th</sup> in 2019) (Table 1), with progress driven by remarkable improvement in the postal reliability score.

Within the MENA region, Jordan is ranked 10<sup>th</sup>. Its overall position is 76<sup>th</sup>, well below the UAE (37<sup>th</sup>), Iran (44<sup>th</sup>), the KSA (49<sup>th</sup>), and Lebanon (64<sup>th</sup>) but performs better than Tunisia (77<sup>th</sup>), Algeria (80<sup>th</sup>), Morocco (95<sup>th</sup>), Egypt (109<sup>th</sup>) and Iraq (129<sup>th</sup>) (Table 2).

Table 1: UNCTAD B2C E-commerce Index, Jordan, 2017-2020<sup>15</sup>

Year	Rank	Share of individuals using the Internet	Share of individuals with an account (15+)	Secure Internet servers (normalized)	UPU postal reliability score	Index value
2020	76	67	42	39	71	54.7
2019	80	67	42	43	44	49.2
2018	73	80	42	46	55	55.9
2017	75	62	25	51	63	50

Source: UNCTAD

Table 2: Top 10 MENA countries in the UNCTAD B2C E-commerce Index 2020

2020 Rank	Economy	Share of individuals using the Internet (2019 or latest)	Share of individuals with an account (15+, 2017)	Secure Internet servers (normalized, 2019)	UPU postal reliability score (2019 or latest)	2020 Index value	Index value change (2019-2020 data)	Rank 2019
26	Israel	87	93	75	81	83.9	-2.2	22
37	United Arab Emirates	99	98	61	64	78.2	-5.6	28
44	Iran	70	94	57	79	75.0	-0.4	45
49	Saudi Arabia	96	72	43	78	72.3	-1.0	49
50	Qatar	100	66	50	73	72.1	-2.2	47
54	Oman	92	74	43	73	70.6	2.4	60
58	Kuwait	100	80	50	45	68.7	-0.6	57
64	Lebanon	78	45	44	74	60.4	0.1	69
66	Bahrain	100	83	49	7	59.7	-1.0	67
76	Jordan	67	42	39	71	54.7	2.0	80
	Western Asia	77	58	45	50	58	-1.0	
	World	60	60	53	47	55	0.0	

Source: UNCTAD

<sup>15</sup> [https://unctad.org/system/files/official-document/tn\\_unctad\\_ict4d17\\_en.pdf](https://unctad.org/system/files/official-document/tn_unctad_ict4d17_en.pdf)



## 1.2 National policies related to ICT, e-government, e-commerce

Jordan developed an e-commerce strategy back in 2008, under the leadership of the former Ministry of Information and Communications Technology (MICT), which aimed to increase the wealth of the Jordanian people through e-commerce development, and to become a regional leader in IT systems development, applications, and services associated with e-commerce. The strategy was not fully implemented, however. One of the arguments raised by the Ministry of Trade and Supply (MITS) is that the e-commerce and digital ecosystem at the time was not mature enough to enable the strategy implementation. The strategy was also not based on a comprehensive assessment of the e-commerce ecosystem, thus lacking the foundations for policy implementation. In addition, there were insufficient resources and mechanisms for implementation.

The MITS, which is responsible for laying down the necessary requirements for companies to conduct business online, has recently made efforts to reassess the country's readiness to engage in e-commerce. The eTrade Readiness Assessment of Jordan should therefore fit into these national efforts and plans with a view to formulating a comprehensive national Action Plan on e-commerce following the assessment.

### REACH 2025: Vision and Action Plan

Elaborated by the former MICT, now MoDEE, and the ICT Association of Jordan – int@j in November 2016, REACH 2025 aims at accelerating the digitalization of the economy and transforming Jordan into an ICT hub by 2025.<sup>16</sup> Specifically, the REACH 2025 Vision is underpinned by a number of agreed-upon actions to create the necessary skills and capacities to shape the future of digital innovation in Jordan. It calls for the ICT sector, tech start-ups, universities, key economic sectors, and policymakers to work closely together to ensure Jordan's transition in the digital economy by 2025.

The REACH 2025 Action Plan builds upon four key pillars, including smart specialization, tech start-ups and entrepreneurs, public sector innovation, and skills capacity and talent. In particular, it calls for smart

specialization across six leading sectors (Health, Education, Energy and Cleantech, Transport and Logistics, Financial Sector, as well as Communications and Security) supported by key enablers (E-commerce, Content and Gaming, and Professional Services) and key vertical tech areas (IoT, Cloud Computing, Hardware, and Artificial Intelligence), which should help build capacity, expertise, and excellence to drive Jordan into digital economy.

The Plan acknowledges the existence of several products and services expected to grow exponentially in terms of market share in the MENA region by 2025. These include digital content and gaming, e-commerce, and professional services (integration and support services), which need to be supported because they have the potential to become regional leading sectors and are key to entering global digital value chains.

The immediate actions proposed by the REACH 2025 Plan include establishing an e-commerce zone (e.g., in Irbid), creating start-up zones across Jordan (e.g., tech start-up) and a health 4.0 zone (in Amman), while also providing future logistics solutions and gaming (e.g., in Aqaba).

Unfortunately, national consultations revealed that there was no actual implementation of the plan. Although the plan also called for setting up a governance body under the cabinet to follow up implementation, the latter has not been established.

### Jordan Economic Growth Plan<sup>17</sup>

Under the overarching Jordan 2025 Vision, the Jordanian Economic Growth Plan (JEGP) 2018-2022 comprises a series of economic, fiscal, and sectoral strategies that the Government of Jordan plans to adopt to achieve macroeconomic stability and sustainable economic growth, in line with the 2025 Vision objectives. Among its policy priorities, the JEGP 2018-2022 calls for enhancing Jordan's competitiveness and investment environment by easing bureaucratic and administrative processes and digitalizing many Government services. It focuses on key sectors of Jordan's economy (tourism, agriculture, manufacturing, ICT, and others), and on improving existing infrastructure (including schools,

<sup>16</sup> The first REACH Initiative was launched in 2000 as the result of a comprehensive public-private partnership aimed at developing the country's ICT sector and paving the way for the other economic sectors to move into the knowledge economy.

<sup>17</sup> Jordan Economic Growth Plan: <https://www.ssif.gov.jo/UploadFiles/JEGPProgramEnglish.pdf>



transportation, post offices, and knowledge stations), with a view to creating employment opportunities and enhancing Jordan's overall economic well-being. The JEGP includes a list of policy measures and investment projects per sector, and the related funding needs, although there is no public record of their implementation.

With regard to e-commerce, the JEGP specifically states the need to create partnerships between the private sector and the post offices and other government agencies to provide financial and social services, e-commerce, e-government services, and postal services. It also mentions the need to stimulate investment in the ICT sector while supporting the banking, e-commerce, and transport sectors as driving factors for investment in mobile applications and emerging technologies.

Regarding the access of export goods and services to potential markets, the JEGP highlights the need to develop a strategic roadmap to promote e-commerce with the aim of enhancing the e-commerce business environment, and to use e-commerce as an effective tool for developing exports. With respect to consumers, the plan mentions the importance of improving consumer knowledge of and behavior toward sustainable consumption patterns, e-commerce, and local products, as well as strengthening consumer confidence in the Jordanian Consumer Protection Directorate.

### National stakeholders

In terms of institutional framework, there are many public and private sector actors currently engaged in e-commerce development, which are summarized in Table 3.

**Table 3: The national e-commerce ecosystem in Jordan**

Public sector	Private sector	Other support (committees/ associations/councils/ foundations)	Academia
Ministry Of Industry, Trade, And Supply (MITS)	Jordan Exporters Association	Crown Prince Foundation	Al Ahliyya Amman University
Jordan Enterprise Development Corporation (JEDCO)	Association Of Banks In Jordan (ABJ)	Jordan Strategy Forum	University Of Petra
Ministry Of Digital Economy And Entrepreneurship (MODEE)	Business And Professional Women Association (BPWA)	Jordan Entrepreneurship & Innovation Association (JEIA)	Philadelphia University
Telecommunications Regulatory Commission (TRC)	Jordanian Businessmen Association	Innovative Startups And Smes Fund	German Jordanian University
Jordan Post (JP)	The Information And Communications Technology Association Of Jordan (INT@J)	National Society For Consumer Protection	Princess Sumaya University For Technology
Ministry Of Finance (MOF)			
Income And Sales Tax Department	Jordanian Logistic Association (JLA)		Al Hussein Technical University
Jordanian Customs	Injaz Jordan		The Hashemite University
Ministry Of Planning And International Cooperation (MOP)	Jordan Chamber Of Commerce (JCC)		University Of Jordan
Department Of Statistics (DOS)	Jordan Chamber Of Industry (JCI)		Applied Science University
Ministry Of Higher Education And Scientific Research	Amman Chamber Of Industry		Jordan University Of Science & Technology
Ministry Of Transport	Amman Chamber Of Commerce		
Central Bank Of Jordan (CBJ)	Jordanian Industrial Women Council		
Jordan Investment Commission/ Ministry (JIC)	Amcham-Jordan		
	Jordan Exports		

Source: MITS



### 1.3 National policies related to trade, services, logistics

All national policies and strategies are currently aligned with the *Jordan 2025 Vision*, the long-term national development plan. A prosperous and resilient Jordan is envisioned, to be achieved through active citizens with a sense of belonging, a safe and stable society, a dynamic and globally competitive private sector, and an efficient and effective government. The vision stresses the need for an export-oriented economy and considers the digital and business services as one of the clusters, where Jordan can build on its strengths.

To increase market access and create an enabling business and investment environment, Jordan has signed free trade agreements with the United States, Canada, and Singapore, as well as regional free trade agreements with the European Union (EU), European Free Trade Association (EFTA), and the Greater Arab Free Trade Area (GAFTA). Jordan is also part of Agadir Agreement between Egypt, Jordan, Morocco, and Tunisia, which aims to support further integration between these states and the European Union. Moreover, Jordan is a member of the Organization of Islamic Conference (OIC) and is party to the Framework Agreement for Exchange of Customs Preferences, which aims to provide market access at preferential customs tariffs rates among member states of the OIC.

Several trade and economic cooperation agreements, investments treaties, and double taxation agreements have been signed with many countries including Tanzania, Azerbaijan, Bosnia and Herzegovina, Kazakhstan, Ukraine, Bulgaria, Australia, Mexico, Ethiopia, Guiana, UK, Vietnam, Lithuania, Russian

Federation, Philippines, Congo, Romania, Belarus, China, Croatia, Uzbekistan, Indonesia, India, Pakistan, Sri Lanka, Israel, South Korea, North Korea, Malaysia, Iran, Ecuador, Georgia, and Honduras.<sup>18</sup>

In addition, Jordan signed a Framework Cooperation Agreement with MERCOSUR countries that has not yet entered into force, and a free trade agreement with Turkey that was cancelled in 2018.

These agreements are attractive for investors and exporters that could promote market and efficiency seeking investments, including local and foreign e-commerce investors.<sup>19</sup> In addition to the free trade agreements, investors located in Jordan benefit from 55 Bilateral Investment Treaties, and 27 Double Taxation agreements allowing access to regional and international markets.<sup>20</sup>

Jordan's multitude of free trade agreements (FTAs) has created a vehicle for both domestic economic development and greater integration with the global economy.<sup>21</sup> The full potential of these agreements have not yet been realized, however.

#### E-commerce could be a critical tool to develop Jordanian exports

While the value of total Jordanian exports reached JOD 5,639.7 million in 2020, a decrease of 4.5 per cent compared to 2019, national exports increased by one per cent, standing at JOD 5,044.4 million. The value of imports reached JOD 12,077.8 million, decreasing by 11.3 per cent from the previous year (Table 4). As a result, the trade balance deficit dropped by 16.5 per cent compared with the same period in 2019. The most important commodities are listed in the table below.

<sup>18</sup> MITS, [https://www.mit.gov.jo/EBV4.0/Root\\_Storage/EN/EB\\_List\\_Page/nonArabic.pdf](https://www.mit.gov.jo/EBV4.0/Root_Storage/EN/EB_List_Page/nonArabic.pdf)

<sup>19</sup> Equal treatment is provided to both Jordanian and non-Jordanian investors, non-Jordanian investors have the right to own any project in full or part, and engage in any economic activity in the Kingdom, with the exception of some trade and contracting services that require a Jordanian partner.

<sup>20</sup> JIC, <https://www.jic.gov.jo/en/reasons-to-invest-in-jordan/investor-friendly-environment/>

<sup>21</sup> Oxford Business School, <https://oxfordbusinessgroup.com/analysis/focus-free-trade-raft-trade-agreements-have-strengthened-global-ties-0>



Table 4: The most important exported and imported commodities, 2019-2020

Exports				Imports			
Commodities	2019 (Million JOD)	2020 (Million JOD)	Growth Average (per cent)	Commodities	2019 (Million JOD)	2020 (Million JOD)	Growth Average (per cent)
Clothes & Accessories	1,384.4	1,160.4	-16.2	Crude Oil	2,308.5	1,217.6	-47.3
Fertilizers	328.2	509.1	55.1	Machines, machinery & their parts	1,153.5	901.9	-21.8
Pharmaceutical Products	435.7	423.2	-2.9	Vehicles, Motorcycles & their parts	953.1	896.2	-6.0
Crude Potash	419.1	380.3	-9.3	Machinery, Electrical Appliances & their parts	938.5	719.8	-23.3
Jewelry & Precious Metals	116.9	294.8	152.2	Cereals	553.1	494.1	-10.7
Chemical Products	238.5	259.4	8.8	Iron & its products	535.4	490.7	-8.3
Other Items	2,072.9	2,017.2	-2.7	Other items	7,168.9	7,357.5	2.6
<b>National Exports</b>	<b>4,995.7</b>	<b>5,044.4</b>	<b>1.0</b>	<b>Total of Imports (2)</b>	<b>13,611</b>	<b>12,077.8</b>	<b>-11.3</b>
<b>Re-exports</b>	<b>909.6</b>	<b>595.3</b>	<b>-34.6</b>				
<b>Sum of Total Exports (1)</b>	<b>5,905.3</b>	<b>5,639.7</b>	<b>-4.5</b>	<b>Trade Deficit (1)-(2)</b>	<b>-7705.7</b>	<b>-6,438.1</b>	<b>-16.5</b>

Source: Department of Statistics<sup>22</sup>

Among those with important potential for e-commerce are special garments for professional, sporting, or other purposes, n.e.s., knitted or crocheted, which comprised 20.3 per cent of Jordanian exports in 2019, amounting to a 19.2 per cent share in world exports and ranking Jordan 2<sup>nd</sup> in world exports. Products such as jerseys and similar man-made fibers, knit/crochet, jewelry, watches, dates, and personal care (Dead Sea products) have a good export potential and could boost B2C e-commerce in Jordan. Chemical products (including potassium chloride for use as fertilizer) and medicaments boast strong export potential as well and could lead the development of B2B e-commerce.

In terms of services, gaming, Arabic educational courses, health care online services, financial services, AI, digital marketing, business and other consultancy services, and online food services are promising sectors for e-commerce services in Jordan.

Jordan has around 156,000 registered firms, 98 per cent of which are SMEs. Considering the low number of companies that are able to export to non-traditional markets, e-commerce could be a critical tool for Jordanian SMEs to access new markets, strengthen productivity, competitiveness, and increase market shares.

#### 1.4 E-government services

E-government initiatives in Jordan have been driven by the idea of HM King Abdullah II to reform the public sector and use technology as an enabler for economic and social development. Jordan's e-government initiatives are outlined in several policy documents, including the earlier National ICT Strategy 2013-2017, an earlier e-government strategy running from 2014 to 2016, REACH2025, the Digital Transformation Strategy for Government Services 2019-2022 (emphasizing a "Digital by Default Principle" for any new service),<sup>23</sup> the government two-year action plan Government Priorities 2019-2020<sup>24</sup>, and the National

<sup>22</sup> [http://dos.gov.jo/dos\\_home\\_e/main/archive/ext/2020/EXT\\_2020.pdf](http://dos.gov.jo/dos_home_e/main/archive/ext/2020/EXT_2020.pdf)

<sup>23</sup> <http://moict.gov.jo/uploads/EGOV-%20TransformationStrategy%202019-2022.pdf>

<sup>24</sup> Member States Questionnaire (MSQ) for the United Nations E-Government Survey 2020. Hashemite Kingdom of Jordan. Date Submitted: 31 September 2019



Digital Transformation Strategy and Implementation Plan 2021-2025.

As part of its work on developing e-government, the MoDEE established an identity management system for Jordanian citizens and the Sanad application for e-government services. The first phase of digital signatures was concluded with the Ministry of Trade and the Ministry of Justice, where judges and lawyers were provided with a pin code for digital signatures to be used through desktops. The next phase is to implement digital signatures through mobile phones.

Various ministries have also been increasingly active in launching new services. In 2017, the Ministry of Labor (MoL) and the MICT<sup>25</sup> jointly announced the launch of e-permits, e-inspection, and e-employment systems. In the education sector, in 2017, the Ministry of Education announced the completion of a nationwide project to link 2,652 state schools, and the Ministry of Higher Education and Scientific Research has also launched new e-systems aimed at increasing the number of international students studying at the Kingdom's private universities. The MITS strategy called for approving electronic signatures for commercial establishments by 2020 and for achieving 100 per cent of electronic services in 2021. In addition, the Ministry has launched an online application that enables citizens to access the electronic services provided by the Ministry.

Jordan's e-Government Portal,<sup>26</sup> based on the Sanad application, offers digital government services using the national ID number and a unified password instead of multiple passwords to complete digital government transactions and access digital services for institutions and ministries added in this application. Sanad is supported by a digital ID, and progress will be followed by digital signatures for users.

According to the MoDEE, there are 2,464 services that belong to 59 agencies. As many as 624 services have been automated, only 25 of which are API enabled. Also 86 services are in progress, while 71 per cent of services still need to be automated. While work is progressing to connect all institutions by fiber optics, there are plans to develop Enterprise Resource Planning (ERP) systems to unify and improve critical

business functions. The number of automated services vary among institutions. The Supreme Judge Department, which has the highest number of overall services, has not started automating them. The same is true for the Ministry of Agriculture and the Media Commission. Jordan Customs, on the other hand, has automated all of its services (Figure 2).

Many e-Government major projects have been completed, while others are currently in process, and others are planned:

- The National Contact Center for Government services
- SMS Gateway on Number
- Government Service Bus (GSB)
- Secure Government Network (SGN)
- Cloud Computing
- Public Key Infrastructure (PKI)
- Information Technology Standards (E-GAF Security Standards, PM Kit, Change Kit, and Quality Kit)
- Training initiatives and capacity-building courses through which more than 10,000 government employees have been trained since 2003

Jordan also has a public e-procurements portal called Jordan National E-Procurement System (JONEPS) with 564 registered companies.<sup>27</sup>

Based on national consultations, identified challenges to e-government service expansion include the reluctance of employees to expedite the process, institutions that still depend on paperwork and have no electronic databases, immature culture for e-services, lack of citizens' trust in e-services and e-payments, as well as laws and regulations that require presence in person.

Jordan ranked 117<sup>th</sup> out of the 193 countries included in the UN E-Government Development Index (EGDI) in 2020, reflecting a significant drop in position from the 2008 ranking (50<sup>th</sup>) (Figure 3), placing it well below the global, regional, and sub-regional averages.<sup>28</sup>

<sup>25</sup> Now MoDEE

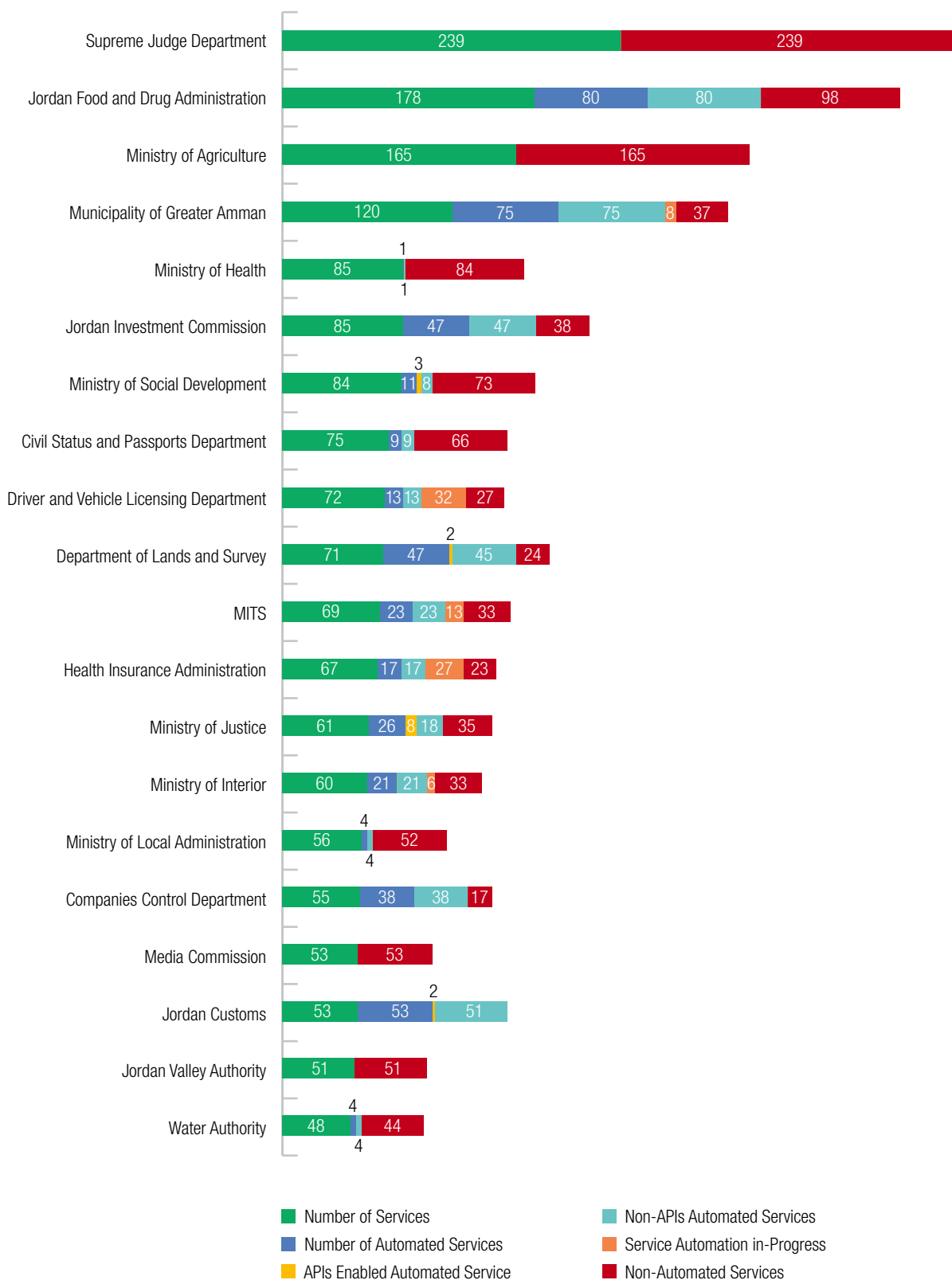
<sup>26</sup> <https://portal.jordan.gov.jo/wps/portal?lang=ar>

<sup>27</sup> <https://www.joneps.gov.jo/ds/genral/mainDashBoard.do?menuId=DS1000000&upperMenuId=DS10100000&subMenuId=DS10100100>

<sup>28</sup> <https://publicadministration.un.org/egovkb/en-us/About/Overview/-/E-Government-Development-Index>



Figure 2: Top 20 institutions with the highest number of services

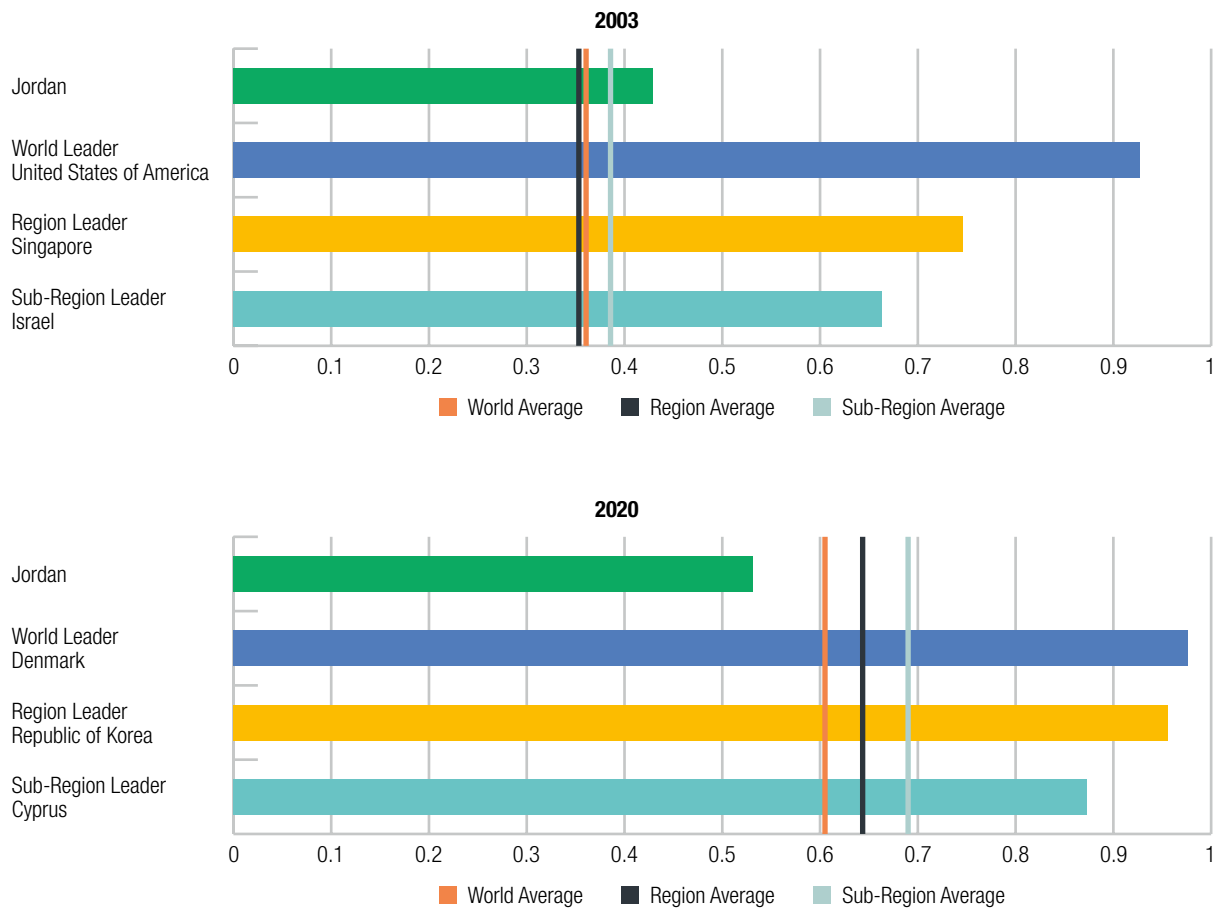


Source: UNCTAD, based on MoDEE data





Figure 3: E-Government Development Index, 2003-2020



E-Government Development Index	2020	2018	2016	2014	2012	2010	2008	2005	2004	2003
Jordan (Rank)	117	98	91	79	98	51	50	68	68	63
Jordan (Value)	0.53090	0.55750	0.51226	0.51674	0.48838	0.52784	0.54800	0.46392	0.43467	0.42930

Source: United Nations, Department of Economic and Social Affairs, Division for Public Institutions and Digital Government<sup>29</sup>

<sup>29</sup> <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/86-Jordan/dataYear/2020>



According to stakeholders, figures for Jordan are not reflecting the actual improvement on the ground, showing a weakness in the collection and communication of reliable data in the Jordanian context with the regional and international agencies producing international statistics and indices.

### E-participation

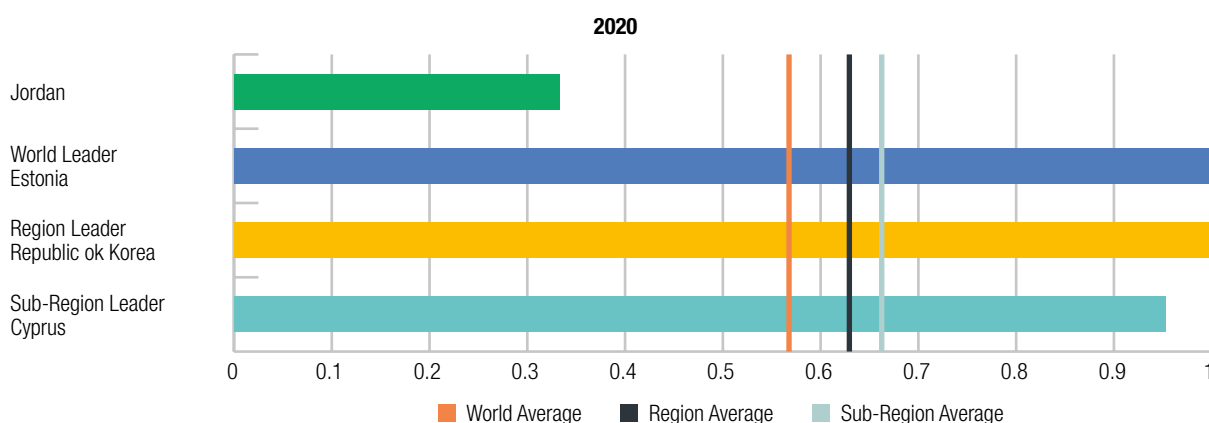
The MoDEE is working on e-participation to guarantee the highest possible number of citizens in policy formulation. To enhance the participation of citizens in decision-making through information technology and the design of digital government services, and to adopt international best practices, the MoDEE, in cooperation with the United Nations Economic and Social Commission for Western Asia (ESCWA), prepared a draft Jordanian policy for e-participation.<sup>30</sup>

E-participation is represented in three basic axes:

- Providing easily accessible information to citizens i.e., e-information.
- Consulting to obtain the views of beneficiaries on the services provided by the government i.e., e-consultation.
- The participation of beneficiaries in decision-making processes including e-decision-making.<sup>31</sup>

Despite these efforts, according to the E-participation index<sup>32</sup>, Jordan is far below the sub-regional, regional, and world average. It is worth mentioning that Jordan's rank and value have been deteriorating since 2014. These results may also reflect stakeholders' feedback that international indicators on Jordan are not always updated with the latest achievements (see Figure 4).

**Figure 4: E-participation Index**



E-Participation Index	2020	2018	2016	2014	2012	2010	2008	2005	2004	2003
Jordan (Rank)	148	117	98	71	101	42	15	90	84	53
Jordan (Value)	0.33330	0.48310	0.45763	0.47058	0.10530	0.28571	0.54545	0.04761	0.04918	0.17240

Source: United Nations, Department of Economic and Social Affairs, Division for Public Institutions and Digital Government<sup>33</sup>

<sup>30</sup> [https://www.modde.gov.jo/EN/NewsDetails/Public\\_Consultation\\_for\\_Draft\\_Jordanian\\_Policy\\_for\\_EParticipation](https://www.modde.gov.jo/EN/NewsDetails/Public_Consultation_for_Draft_Jordanian_Policy_for_EParticipation)

<sup>31</sup> Draft Jordanian Policy for E-Participation 2021

<sup>32</sup> The e-participation index (EPI) is derived as a supplementary index to the UN E-Government Survey. It extends the dimension of the Survey by focusing on the use of online services to facilitate provision of information by governments to citizens ("e-information sharing"), interaction with stakeholders ("e-consultation"), and engagement in decision-making processes ("e-decision-making").

<sup>33</sup> <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/86-Jordan/dataYear/2016>



### 1.5 National coordination on e-commerce

One of the main reasons for the lack of implementation of national policies and strategies is related to the limited coordination and the lack of unified governance body to follow up on implementation.

The eT Ready national consultations highlighted the high number of ongoing e-commerce related initiatives and projects. Among these, int@j is leading the mapping of startups; the MoDEE is working on e-government and the YTJ project; the Jordan Chamber of Industry is conducting a survey on SMEs' adaptation to online sales and e-commerce taxation; and e-commerce is also high on the American Chamber of Commerce agenda. The need for a coordinated institutional mechanism was stressed by many stakeholders to ensure effective planning and implementation of e-commerce related initiatives.

Ideally, and given the cross-cutting nature of e-commerce, a national coordination mechanism on e-commerce should be established by a Cabinet decree and could be located within the MITS. The governance body could be structured in two levels (see Figure 5):

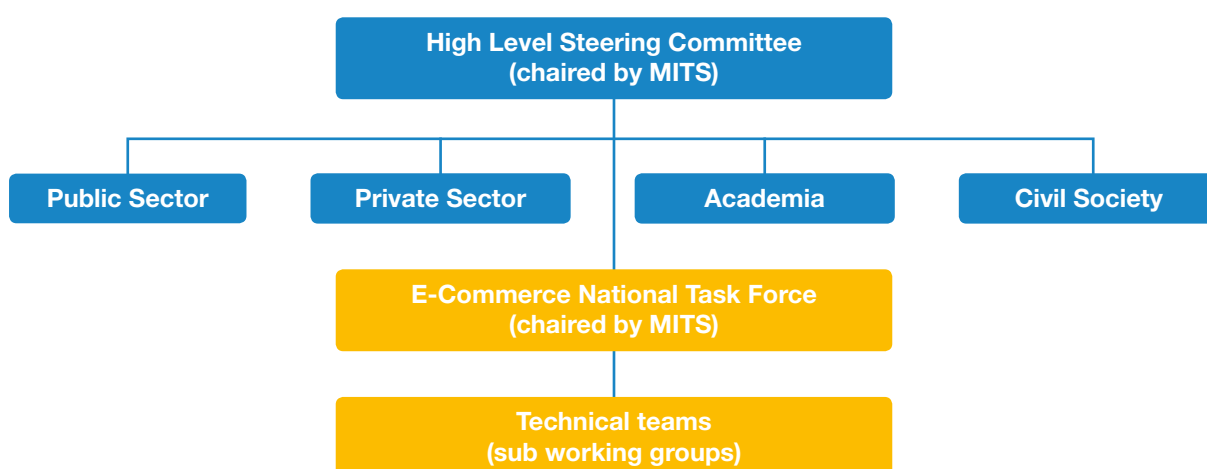
1. A High-Level Steering Committee (HLSC), including key public and private sector institutions, academia and civil society organizations to provide overall guidance for the development of e-commerce and provide a fast track policy development mechanism.

2. An E-commerce National Task Force (ENTF). The Task Force could be chaired by MITS, in line with the General Policy for the Information & Communications Technology and Postal Sectors 2018, which called for the MITS to formulate an e-commerce policy for Jordan in cooperation with the MoDEE. The ENTF should be inclusive and composed of senior-level decision makers from the list of key e-commerce stakeholders indicated in Table 3. The task force would have the mandate to oversee and support implementation of an e-commerce action plan, follow this assessment and ensure the risks and opportunities for sustainable development are considered early in the e-commerce development process.

A dedicated e-commerce unit to be established at MITS to act as a secretariat for the ENTF and HLSC and to maintain high coordination with all public and private trade support institutions and civil society organizations, especially those in the field of consumer protection such as The National Consumer Protection Association.

The secretariat and the ENTF could be supported by technical teams, including representatives from different line ministries and private sector bodies. These teams should provide assistance and expertise in the formulation and implementation of e-commerce priority actions, support fundraising efforts, coordinate local aid deployed by development partners, and create awareness and linkages between public and private sector entities.

**Figure 5: E-commerce national coordination mechanism**



Source: UNCTAD



### 1.6 Access to relevant statistics

Despite the lack of official national data on e-commerce, Jordanian stakeholders that met during national consultations estimate that its value is growing, although its full potential remains untapped.

Since no specific data on e-commerce exists for national products in the local market, imports, and exports, the figures on e-commerce are estimations provided by customs authorities and private companies and are sometimes contradictory (see Section 1.7). Most e-commerce initiatives are not registered and use social media to promote and sell, the market is not organized, and no protection is provided for consumers and traders.<sup>34</sup>

More accurate data on e-commerce in the country will be key to better nurturing e-commerce in the future and turning it into a major driver of Jordan's economic growth. Availability of relevant data is needed to be able to formulate evidence-based policies and strategies. The lack of accurate and updated statistics, or in some cases conflicting information provided by different sources, has led to weak policy formulation, especially in the taxation or customs fees policies and regulations. Efforts should be made to build the capacity of public agencies to produce official statistics on e-commerce and the digital economy that can be used to guide policymaking.

Improving the quality of open data will also support the development of more effective policies, research, and development initiatives. Stakeholders consulted during the national discussions highlighted the need for an open source of data to be the reference for e-commerce policies. The government passed an open government data policy in 2017, and the first version of the data platform was launched on the e-government portal.<sup>35</sup> By mid-October 2020, 387 open data sets had been published by 45 government agencies. The rate of reuse of this data has been low however, because the published content does not cover real demand; it also is poor quality in technical, legal, and even content aspects. A procedural

framework for assessing the quality of open data was prepared by the MoDEE with the support of OECD, to help government agencies improve the quality of open data.<sup>36</sup>

### 1.7 Current e-commerce marketplace activity and consumer preferences

The total e-commerce sales in Jordan were estimated at US \$662 million in 2017.<sup>37</sup> However, according to previous statements by the Director of the Shipping Airport Customs Center – Clearance, the value of Jordanian purchases via e-commerce exceeded JOD 150 million in 2018.<sup>38</sup> This figure was confirmed by the Ministry of Industry, Trade, and Supplies (MITS) during national consultations. Meanwhile, according to the Minister of Digital Economy and Entrepreneurship (MoDEE), 5 per cent of Jordanians are using e-commerce, while the volume of imports through e-commerce in Jordan was JOD 300 million in 2018.<sup>39</sup>

Some of the most popular e-commerce websites in the country include automart-me.com, mansoura.com, semiramispastries.com, OpenSooq, and OlaHub.<sup>40</sup>

According to the private sector survey, 79.4 per cent of respondents (63) currently sell online. Attracting more domestic customers was the main motivation for companies to sell goods/services online. Among surveyed companies, 57 per cent are selling in the domestic market, 10 per cent in international markets, and 33 per cent in both domestic and international markets (see Figure 6).

<sup>34</sup> Based on national consultations.

<sup>35</sup> <https://portal.jordan.gov.jo/wps/portal?lang=ar#/>

<sup>36</sup> The MoDEE statistical report on open government data, 14 October 2020

<sup>37</sup> Nordea, country profile Jordan, <https://www.nordeatrade.com/en/explore-new-market/jordan/e-commerce>

<sup>38</sup> Based on (<https://www.almamlakatv.com/news/34855>), 22 August 2019

<sup>39</sup> <https://www.almamlakatv.com/news/21.8.2019> (Article: An intention to impose sales tax on advertisements for international companies, the Minister of Digital Economy and Entrepreneurship: 5% of Jordanians use e-commerce)

<sup>40</sup> <https://www.objectif-import-export.fr/en/international-marketplaces/country/jordan/market-ecommerce>



### Box 1: OlaHub

OlaHub is a Jordanian social gifting platform launched in 2016. OlaHub was born out of the need to send gifts to friends and relatives in Jordan, from any location in the world, and quickly positioned themselves as the designated social platform for e-commerce locally.

At its inception, OlaHub attempted to emulate the Amazon model, particularly in providing its customers with the ability to order from international retailers, but that did not last. They changed their business model by opening the platform only to locals: buy local and sell local. They also abandoned the monthly subscription fee, instead giving merchants online stores that they can manage fully, without restrictions, while in turn OlaHub takes a percentage only of the successful purchases made on the platform, ranging from 10 per cent to 25 per cent. Currently OlaHub offers both international brands and local small businesses (referred to as 'designers'). Local small businesses represented on OlaHub sell a wide range of products, including handicrafts, designer apparel, leather goods, home accessories and more. One of OlaHub distinct features, however, is its social platform for e-commerce built around their online marketplace, where conversations about the latest products, trends, newest technologies, and other hot topics are hosted.

OlaHub offers entrepreneurs who want to sell through the platform an attractive incentive package, starting with waiving the monthly subscription fees. They maintain responsibility for the logistics, technical issues, and customer support allowing small business owners to focus on their own product. OlaHub can also provide these services to subscribed SMEs at a rate that allows them to maintain a competitive edge in the greater market, proving to be an important value added to any business practices. OlaHub works with local delivery service companies to deliver products to their customer base, most of which have demonstrated great efficiency at a reasonable cost.

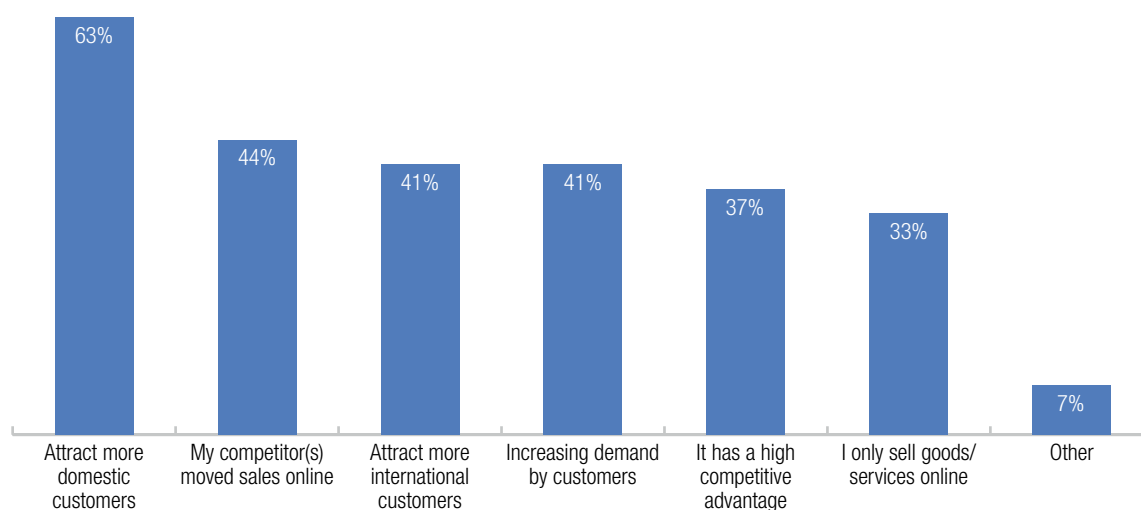
Looking ahead, OlaHub is planning to expand its online market to reach both the Palestinian and Iraqi markets, as well as entering the UAE market to promote Jordanian products.

OlaHub is committed to the Jordanian Government to ensure fair competition, especially with international players, to curtail the so-called "Amazon Effect" and the ensuing impact it may have. Registration of e-commerce companies is considered a challenge, and laws and regulations should focus on facilitating the registration process and the associated and needed requirements.

Source: UNCTAD, based on an interview with one of the founders of OlaHub.

Figure 6: Main factors motivating companies to sell online

Survey question: If you sell online, what motivated you to sell goods/services online? (Private sector survey, 54 responses)



Source: UNCTAD



According to the survey responses from both public and private sectors, there is common agreement that fashion, online food delivery, and digital payments benefit or would benefit most from e-commerce currently (see Table 5). Looking ahead, services will tend to increase, but overall public and private sector perspectives seem to differ in terms of which sectors will benefit the most from growth in e-commerce in the future.

According to the consumers' eTrade Readiness survey, 78 per cent of respondents (1,309 responses) shop online, of which 60 per cent are female, 40 per cent are in the age group (20-24), and 26 per cent are in the age group (16-19), and the top three products consumers buy include fashion (apparel, footwear, bags, & accessories), personal care, and food products (Figure 7).

At the same time, the top three services bought online are food delivery, digital payments, and financial services (Figure 8).

The consumer survey also shows that 43 per cent of respondents (1,213) are purchasing online from the domestic market, 10 per cent of respondents from international markets, and 47 per cent of respondents from both the domestic and international markets.

The possibility of making purchases without going anywhere and at any time are the most important reasons for buying online. Ease of buying with discretion and low prices come in third and fourth, respectively (Figure 9).

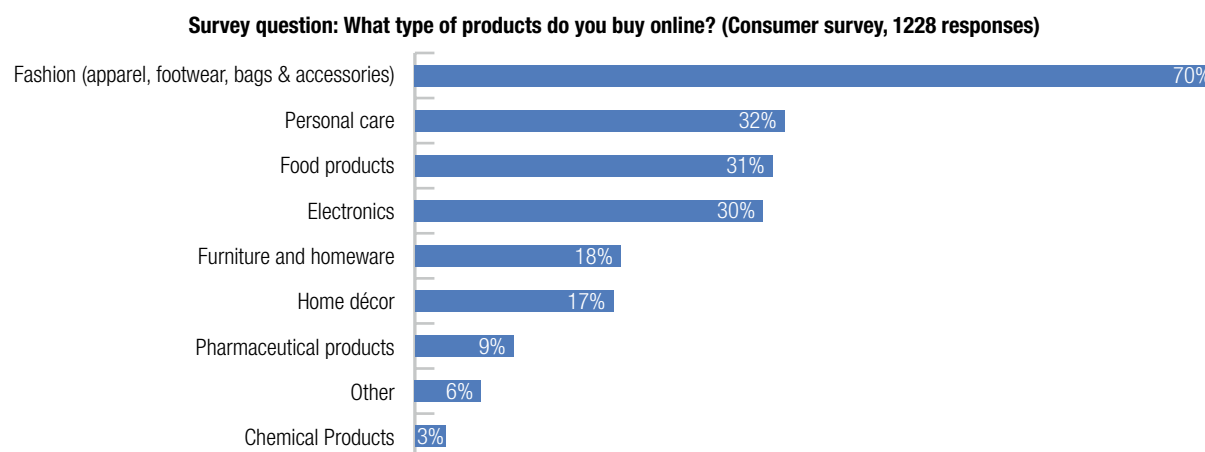
Prices, delivery costs, and delivery time are the most important factors for determining consumer preferences on sites from which to shop online (Figure 10).

**Table 5: Top six goods and services that benefit or would benefit the most from e-commerce, currently and in the future (Public and private sector surveys)**

Currently		In the Future	
Private Sector	Public Sector	Private Sector	Public Sector
Fashion (apparel, footwear, bags, & accessories)	Fashion (apparel, footwear, bags, & accessories)	Online food delivery	Electronics
Online food delivery	Online food delivery	Digital payments	Financial services
Digital payments	Digital payments	Fashion (apparel, footwear, bags, & accessories)	Fashion (apparel, footwear, bags, & accessories)
Electronics	Food	Electronics	Online food delivery
Personal care	Digital advertising	Digital advertising	Food
Digital advertising	Electronics	Personal care	Digital payments

Source: UNCTAD

**Figure 7: Top products consumers buy online**

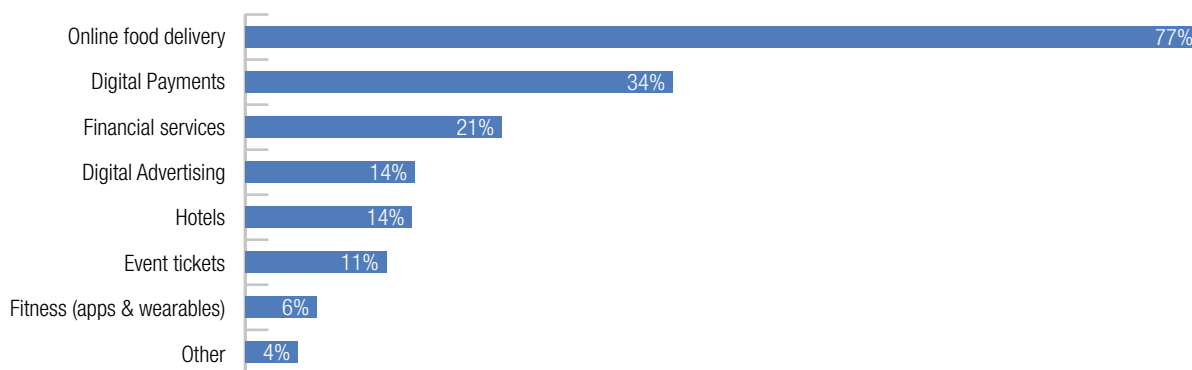


Source: UNCTAD



**Figure 8: Top services consumers buy online**

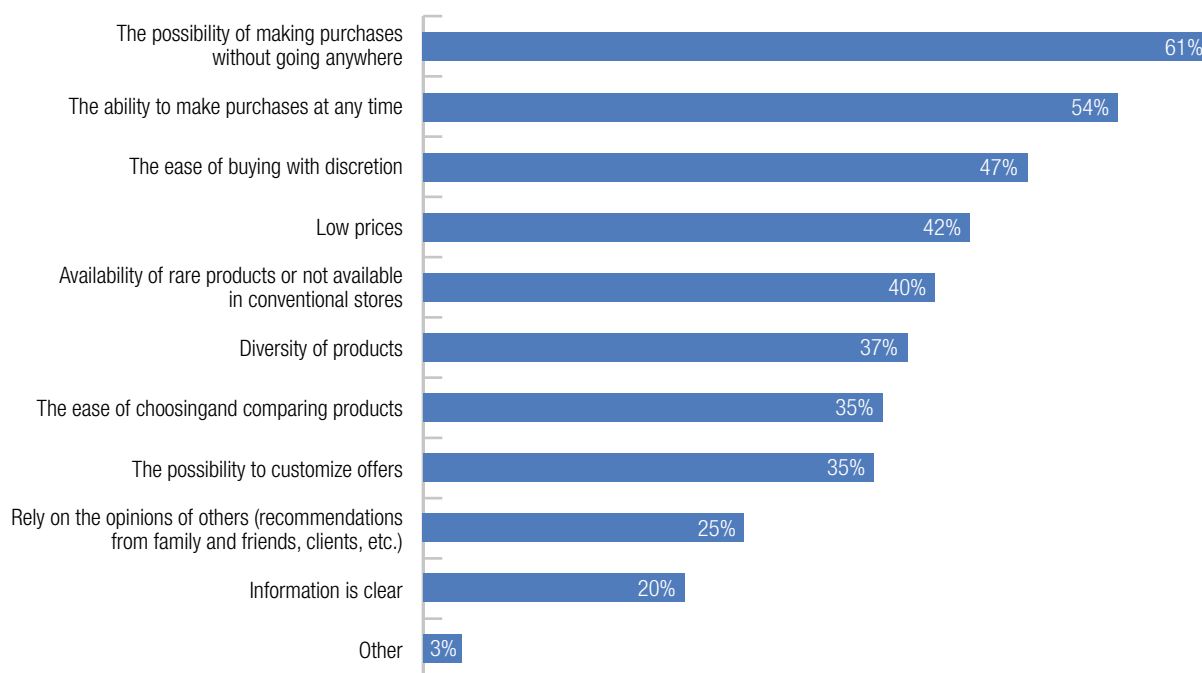
**Survey question: What type of services do you buy online? (Consumer survey, 1213 responses)**



Source: UNCTAD

**Figure 9: The most important reasons for buying online**

**According to you, what are the most important reasons for buying online? (Consumer survey, 1,243 responses)**

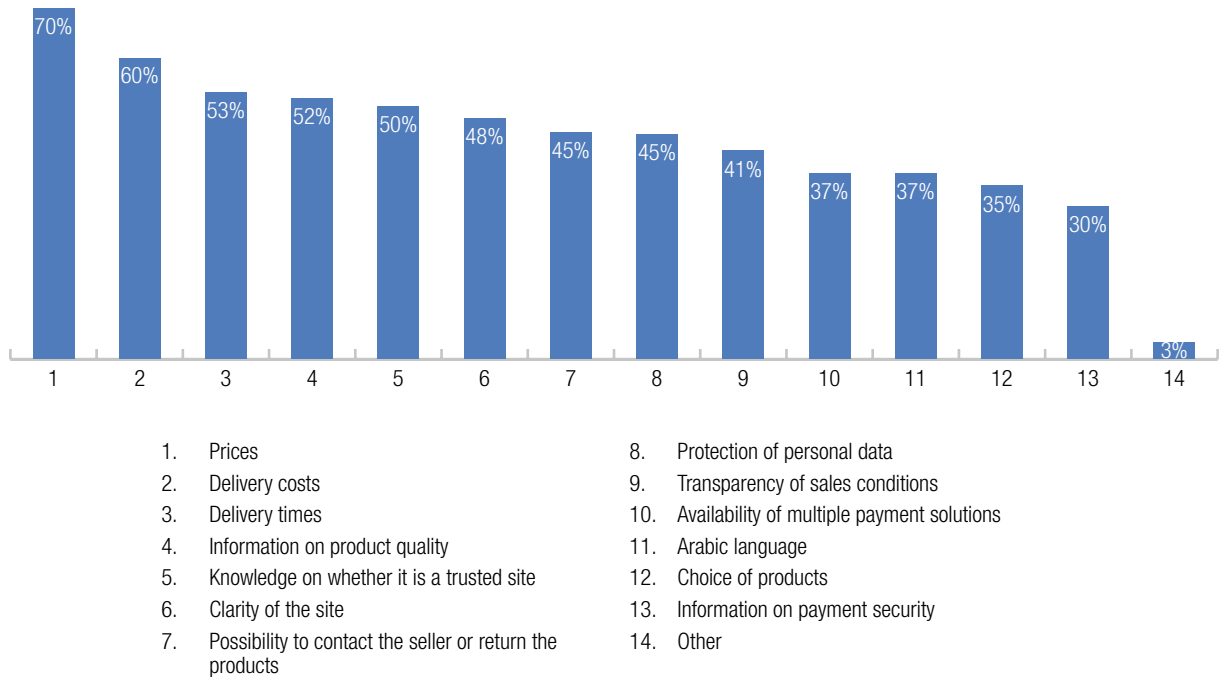


Source: UNCTAD



**Figure 10: Consumer preferences in choosing a site**

When you buy online, what criteria are important in choosing a site? (consumer survey, 1,240 responses)



Source: UNCTAD





## 2. ICT INFRASTRUCTURE AND SERVICES

The ICT sector has in recent years become an important engine for the Jordanian economy. Investment in the sector has been prioritized at the highest political level, and incentives and regulations have been provided to facilitate its growth. At the regional level, Jordan is a pioneer in establishing and developing a highly competitive ICT sector. The country exceeds the performance of other Arab states on many indicators related to ICT infrastructure and services. There is full mobile coverage across the country, though some gaps exist in the quality of services between major cities and rural areas. Despite the impressive development of the ICT sector, there are still some pressing issues that need to be addressed in a prompt manner, including the cost of Internet use, investments in broadband deployment, and Internet coverage in rural areas.

Jordan is undergoing an ICT revolution. There is explosive growth in the ICT sector, increasing at an average annual rate of 25 per cent.<sup>41</sup> The sector is considered key for Jordan's socioeconomic development, and support is provided at the highest political level. Most development strategies are capitalizing on the ICT sector to generate economic growth, create jobs, and act as an enabler for the digital economy.

Jordan has succeeded in creating a highly competitive ICT sector, one of the most developed in the MENA region, which currently serves larger regional markets and contributes to the county's increasing globalization.<sup>42</sup>

Jordan's ICT has developed into one of the leading sectors in the region, with more than 600 active companies, directly employing about 16,000 employees, and an overall contribution of about 84,000 jobs to the wider economy.<sup>43</sup>

A study conducted by int@j in 2018<sup>44</sup> identified 603 companies in the ICT and ITES related activities including software development, IT outsourcing, mobile and online applications development and customization, web portals, e-commerce business, data processing and hosting related services, knowledge process outsourcing, IT hardware & infrastructure installation and wholesale, IT networking equipment maintenance, software licenses publishing, telecommunications equipment and telephones wholesale, telecommunications equipment installation and maintenance, telecommunications wired and

wireless services, telecommunications voice over IP services, Telecommunications satellite services, retail sale and repair of computers, software, ICT consulting and research, ICT training, and call centers.

According to the study, the ICT & ITES revenue amounted to US\$ 2,176,974,566 in 2018 and distributed between Telecom (65.40 per cent), IT (34.41 per cent), ICT Training (0.18 per cent) and ITES (0.01 per cent). The ICT sector provided 17,698 jobs. The study shows that the IT Sector has grown exponentially by 37 per cent. In 2018, the sector generated US\$ 749,116,414 in revenue, while IT exports reached 35 per cent of total revenues. The software development activity has the highest revenue in 2018 worth of US\$182,516,683 (54 per cent of which are exports), followed by Software Licenses Sale, Telecommunications Equipment and Telephones Wholesale and IT Hardware & Infrastructure Installation respectively.<sup>45</sup>

### 2.1 The ICT institutional context

Jordan has been developing an enabling environment for the ICT sector since the early 1990s. In 1993, Jordan initiated a national programme to increase the penetration of telephony services from 7.8 to 12 lines per 100 inhabitants.<sup>46</sup>

<sup>41</sup> <https://startupsbw.com/the-jordanian-startup-ecosystem-15-hubs-you-should-know-if-you-are-an-entrepreneur.html>

<sup>42</sup> MoDEE: [https://www.modee.gov.jo/EN/Pages/Information\\_technology\\_in\\_Jordan](https://www.modee.gov.jo/EN/Pages/Information_technology_in_Jordan)

<sup>43</sup> JIC, ICT Sector Profile, <https://www.jic.gov.jo/wp-content/uploads/2018/07/Sector-Profile-ICT-Final-Apr-2018-2.pdf>

<sup>44</sup> JORDAN ICT & ITES SECTOR STATISTICS 2018, <https://intaj.net/wp-content/Studies/2018.pdf>

<sup>45</sup> Jordan ICT & ITES Sector Statistics 2018, <https://intaj.net/wp-content/Studies/2018.pdf>

<sup>46</sup> Jordan National Information and Communications Technology Strategy (2013-2017)



Currently, and based on the information provided by MoDEE and int@j, the ICT sector enjoys the following incentives:<sup>47</sup>

- 0 per cent sales tax on IT services and on goods and services for IT production input
- 0 per cent customs duties on goods for IT production input
- 0 per cent exports income tax
- 5 per cent income tax for profits generated in Jordan and reduced income tax from 20 per cent to 5 per cent on IT activities across the Kingdom
- Ceiling interest rate for IT-related soft loans from commercial banks, reducing interest rate on direct facilities from 14 per cent to 5 per cent for IT vendors
- Moveable assets such as Intellectual Property can be used as collateral

The sector is regulated by the MoDEE and the Telecommunications and Regulatory Commission (TRC), which have specific roles and responsibilities. The TRC performs its duties independently from the MoDEE, in compliance with the general Government policy; its primary function is to regulate the ICT services and postal sectors.<sup>48</sup>

The MoDEE was previously known as the Ministry of Information and Communication Technology (MoICT).<sup>49</sup> The name was changed in 2019 to reflect the new Ministry's mandate and show how Jordan envisions the future of its ICT industry as it integrates into a more comprehensive digital economy while highlighting the country's intention to invest in entrepreneurship. The primary responsibilities of MoDEE include: i) creating the policies needed to accelerate the country's digital transformation, and ii) supporting the enabling factors of such transformation, including digital entrepreneurship, digital skills, digital financial services, digital infrastructure, and digital platforms. In addition, the Ministry is responsible for developing, incubating, and supporting digital initiatives at the national level,

such as the digitization of governmental services, the National Broadband Programme, and others.

The Government Policy Statements on the ICT & Postal Sectors of 2018 set the required actions and policies based on the country's strategic priorities. In its Policy Statement,<sup>50</sup> the Government focuses on developing a competitive telecommunications environment, as well as addressing the legal and regulatory issues presented by new technologies. It indicated that e-commerce should be an essential part of the digital economy and recommended support for e-commerce via stimulating the use of electronic payments and revitalizing the postal sector. The policy also called for the Government to develop an e-commerce policy in Jordan through the MITS in collaboration with the MoDEE. The current Digital Transformation Strategy for Government Services 2019-2022 was also developed based on the 2018 Policy Statement.<sup>51</sup> Similarly, MoDEE has prepared the recently endorsed National Digital Transformation Strategy and Implementation Plan 2021-2025 based on Jordan's Vision 2025; the 2018 policy; global trends; international practices in this field; and the 2030 Sustainable Development Goals, to stimulate further digital transformation and the development of the digital economy.<sup>52</sup>

The General Governmental Policy for Universal Service in the Telecommunication Sector of 29/11/2004 focused on providing telecommunications service by licensees in Jordan. According to this Policy, universal access to ICT services should be provided across all geographical locations and directly to individual homes or premises. The 2004 Policy is currently being revised to guarantee that services are provided in good quality as Internet penetration, and access will not be enough if it is not at an appropriate speed.

At the multilateral level, Jordan made substantial commitments for telecommunications services under the GATS, which cover basic telecommunication services including voice telephony, packet-switched data transmission (Internet), circuit-switched data transmission, and private leased circuit services.

<sup>47</sup> Based on int@j: <https://intaj.net/>, and MoDEE: [https://www.modee.gov.jo/EN/Pages/Information\\_technology\\_in\\_Jordan](https://www.modee.gov.jo/EN/Pages/Information_technology_in_Jordan)

<sup>48</sup> <https://www.trc.gov.jo/Pages/viewpage?pageID=1>

<sup>49</sup> The Ministry of Post and Communications was renamed as the "Ministry of Information and Communications Technology (MoICT)" as per the amendment of the Telecommunications Law No. (13) of 1995 Law, law No. (8) of 2002.

<sup>50</sup> General Policy for the Information & Communications Technology and Postal Sectors, 2018

<sup>51</sup> <http://moict.gov.jo/uploads/EGOV-%20Transformation-Strategy%202019-2022.pdf>

<sup>52</sup> [https://www.modee.gov.jo/ebv4.0/root\\_storage/en/eb\\_list\\_page/dts-2021-eng.pdf](https://www.modee.gov.jo/ebv4.0/root_storage/en/eb_list_page/dts-2021-eng.pdf)



Reforms have been focused on liberalizing the sector in accordance with Jordan's WTO commitments. There are no remaining limitations regarding market access or national treatment in any of the scheduled telecommunication services, apart from mode 4 which is subject to horizontal measures. Jordan also undertook obligations as set out in the WTO Reference Paper on Telecommunications Services.

The share of households with a computer reached 42.9 per cent in 2017. Jordan applies no tariffs on computers (HS - 8471 - Automatic data processing machines and units; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified thereof) and telecommunication equipment (HS 8517 - Electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier current line systems or for digital line systems) which provide an enabling environment for the development of the ICT sector and digital economy in general.

## 2.2 Broadband/mobile/smartphone penetration

In recent years Jordan has witnessed the liberalization and expansion of the fixed and mobile communications market. This progress has resulted in considerable benefits for the general population, not only regarding the availability and affordability of services but also in the offers available to subscribers.

It is expected that within the next 3-4 years, all cities will be connected by fiber cables. Many companies are developing the fixed network, including Vetel, Zain, Orange, Umniah, Fiber Tech, and Thema Max. Fixed broadband subscriptions through FTTx increased by 64 per cent in 2020, up from 132,730 subscriptions

in 2019, compared to a 35 per cent overall increase in fixed broadband subscriptions.

The MoDEE, through the National Broadband Network Programme, has connected 1,361 sites (930 schools, 315 government entities, and 116 health entities), and 2,400 km of fiber cable have been installed.

The population covered by a mobile-cellular network in Jordan has reached 100 per cent, compared to 95.1 per cent in the Arab states. 3G and 4G are provided in the country. The population covered by at least a 3G mobile network reached 100 per cent, while the coverage by at least 4G reached 99 per cent.<sup>53</sup> During the pandemic, the traffic of online services increased, and accordingly the TRC provided additional spectrum to Internet services providers (4G+).

Jordan's total electricity access rate has been 100 per cent since 2015 (in both urban and rural areas), with 4.6 per cent of the total consumption in 2017 being renewable energies.<sup>54</sup>

Internet, mobile, and mobile broadband penetration rates provide an enabling environment for e-commerce. Yet, there is still space for improvement. Mobile-cellular telephone subscriptions per 100 inhabitants stood at 65 per cent in 2020, a drop by 11 per cent compared to 2019, below the Arab states average of 99 per cent in 2019. There has been a noticeable decline in mobile subscriptions per 100 inhabitants from 149 in 2015 to 65 in 2020. Compared to 2019 figures, mobile-broadband subscriptions per 100 inhabitants dropped by 11 per cent, while fixed-broadband subscriptions and fixed-telephone subscriptions increased by 35 per cent and 7 per cent, respectively. The percentage of individuals using the Internet increased by 16 per cent compared to 2019 and is nearly double the Arab states' average (see Table 6).<sup>55</sup>

<sup>53</sup> ITU, *statistic for 2019*

<sup>54</sup> *Tracking SDG 7 – The energy progress report 2019*. See: [https://sustainabledevelopment.un.org/content/documents/2019\\_Tracking\\_SDG7\\_Report.pdf](https://sustainabledevelopment.un.org/content/documents/2019_Tracking_SDG7_Report.pdf)

<sup>55</sup> Data were provided by TRC based on ITU definitions.



Table 6: ICT selected indicators

ICT selected indicators										Arab states		
Indicator	2000	2005	2010	2015	2016	2017	2018	2019	2020	2018	2019	2020
Percentage of individuals using the Internet	2.6	12.9	27.2	48.4	56.4	65.7	76.5	89.0	103.5	50.9	54.6	N/A
Mobile-cellular telephone subscriptions per 100 inhabitants	7.7	57.0	108.0	145.0	100.0	97.0	85.0	73.0	65.0	99.0	99.0	98.0
Mobile-broadband subscriptions per 100 inhabitants	-	-	13.8	66.0	70.0	83.0	85.0	73.0	65.0	58.3	62.0	60.0
Fixed-telephone subscriptions per 100 inhabitants	12.3	11.6	7.2	4.3	4.1	3.5	3.4	3.3	3.6	8.4	8.7	NA
Fixed-broadband subscriptions per 100 inhabitants	0.63	3.6	2.0	5.3	4.6	3.5	3.8	4.3	5.8	7.3	7.7	8.1

Source: TRC

Jordan was ranked 70<sup>th</sup> out of 176 countries in the ICT Development Index (IDI) in 2017, down from 66<sup>th</sup> in 2016. The lowest performance was in fixed telephone and fixed broadband subscriptions, while the highest performance was in mobile and active mobile broadband subscriptions. The IDI 2017 Value (6) was higher than the Arab states' IDI average value of 4.8, and Jordan was ranked 7<sup>th</sup> among the Arab states.<sup>56</sup>

According to MoDEE officials, international statistics do not reflect the reality in Jordan. Changes have been made to the data collection and presentation methodology, but it should be coordinated and harmonized with the international standards and adopted methodologies. The MoDEE and the MoP are currently developing clear methodologies for gathering and disseminating data on the sector on the local and international level.

Table 7: Comparison of communications penetration in Jordan with other Arab countries, 2019

Fixed Telephone Subscriptions per 100 Inhabitants	Fixed Broadband Subscriptions per 100 Inhabitants	Mobile Cellular Subscriptions per 100 Inhabitants	Mobile Broadband Subscriptions per 100 Inhabitants	Percentage of Individuals Using the Internet
United Arab Emirates 24.18	United Arab Emirates 31.17	United Arab Emirates 200.63	United Arab Emirates 239.89	Kuwait 99.54
Saudi Arabia 15.69	Saudi Arabia 19.85	Kuwait 174.16	Kuwait 131.79	United Arab Emirates 99.15
Kuwait 13.87	Turkey 17.06	Saudi Arabia 120.51	Saudi Arabia 116.88	Saudi Arabia 95.72
Turkey 13.87	Iraq 11.60	Turkey 96.84	Turkey 74.80	Jordan 89.00
Lebanon 12.87	Egypt 7.57	Egypt 94.97	Jordan 73.00	Iraq 75.00
Egypt 8.73	Lebanon 6.13	Iraq 94.70	Egypt 59.34	Turkey 73.98
Iraq 7.27	Jordan 4.30	Jordan 73.00	Lebanon 42.81	Egypt 57.28
Jordan 3.37	Kuwait 2.01	Lebanon 61.82	Iraq 42.06	

Source: UNCTAD based on ITU data

<sup>56</sup> <https://www.itu.int/net4/ITU-D/idi/2017/index.html#idi2017comparison-tab>



### 2.3 Reliability, affordability, latency, speed and coverage

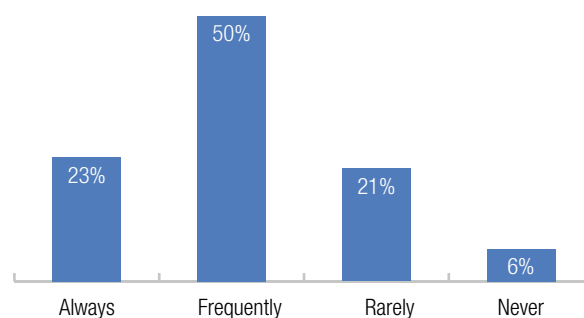
Jordan has a highly developed mobile market serviced by three major regional operators: Zain Jordan, Orange, and Umniah. The mobile sector, supported by 4G LTE networks, reached over 90 per cent 4G penetration in 2019.<sup>57</sup> Zain Jordan, a subsidiary of Zain, was the first to introduce mobile services in Jordan and now boasts the largest market share of 35 per cent, servicing about 3.6 million customers, currently offering 4.5G LTE services across the Kingdom.<sup>58</sup> Orange Jordan owns 30-35 per cent of the mobile market share and 40-45 per cent of the Internet market share.<sup>59</sup> Orange has reported that its 3G coverage has reached 98.6 per cent of the population, while its 4G reach stands at 97.4 per cent.<sup>60</sup> Umniah, a subsidiary of the Bahrain-based Batelco, was the last to enter the Jordanian ICT market but has proven itself as a strong player, garnering 30 per cent of the mobile market share.<sup>61</sup>

A comparative examination of the services offered by Jordanian telecommunication service providers highlights the availability of a wide range of services at varying price points. Orange Jordan provides its customers with the most service options, allowing potential customers to choose the service most suited to their needs. Orange Jordan is offering “Unlimited Data” as both a prepaid and postpaid service, as well as serving up to 1TB of 4G, all at a lower rate than the closest service offered by its counterparts. While providing its customers with many service options, Zain Jordan maintains a generally higher rate than its counterparts, particularly in its prepaid and postpaid services. Umniah, on the other hand, provides its customers with a less comprehensive list of services, but their services are generally less expensive than counterparts, particularly in mobile Internet services, excluding 4G services, offered at a higher price. Overall, there are 62 licensed companies in the telecommunications sector according to the TRC.<sup>62</sup>

While the use of Internet is growing among Jordanians, with 89 per cent of users, the access (Figure 11), cost, and coverage of Internet in rural areas (Figure 14) remain barriers for the business community and consumers to engage in e-commerce. As per the consumers survey conducted during this assessment, a total of 73 per cent of respondents reported issues with Internet access. It reaches 68 per cent in Amman (644 responses), 74 per cent in Mafrqa (58 responses), and 80 per cent in Zarqa (371 responses).

**Figure 11: Frequency of experienced problems in Internet access**

**Survey question: Have you experienced any problems with your Internet access (bandwidth outage or connectivity issues)? (Consumer survey, 1,262 responses)**



Source: UNCTAD

<sup>57</sup> <https://www.globenewswire.com/news-release/2020/04/15/2016394/0/en/Jordan-strives-to-develop-its-digital-economy.html>

<sup>58</sup> <https://www.zain.com/en/investor-relations/facts-figures/>

<sup>59</sup> [https://www.orange.jo/en/documents/annual\\_report/orange-annual-report-2020-en.pdf](https://www.orange.jo/en/documents/annual_report/orange-annual-report-2020-en.pdf)

<sup>60</sup> <https://www.commsupdate.com/articles/2021/02/02/orange-jordan-upgrades-network-in-two-governorates/>

<sup>61</sup> <http://www.the-businessreport.com/article/jordan-foray-modern-digital-era/>

<sup>62</sup> <https://trc.gov.jo/Pages/viewpage?pageID=230>, companies classified under Telecommunication Services sub sector as per WTO Services Sectoral Classification List.

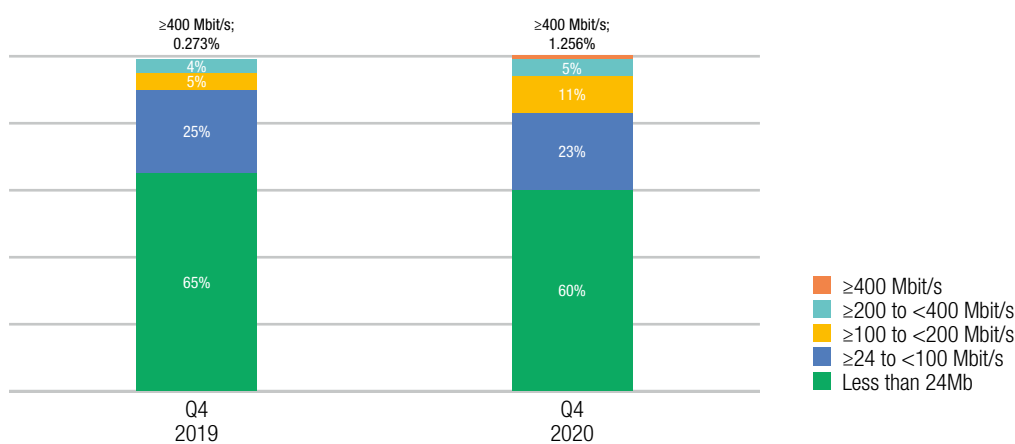


Even though the country has a high Internet penetration rate, access in remote areas remains poor, since almost all companies concentrate their operations and promotions in major cities.

At the moment, 60 per cent of fixed broadband subscribers are using speeds of less than 24 mbit/s, with more subscribers shifting to higher speeds (Figure 12).

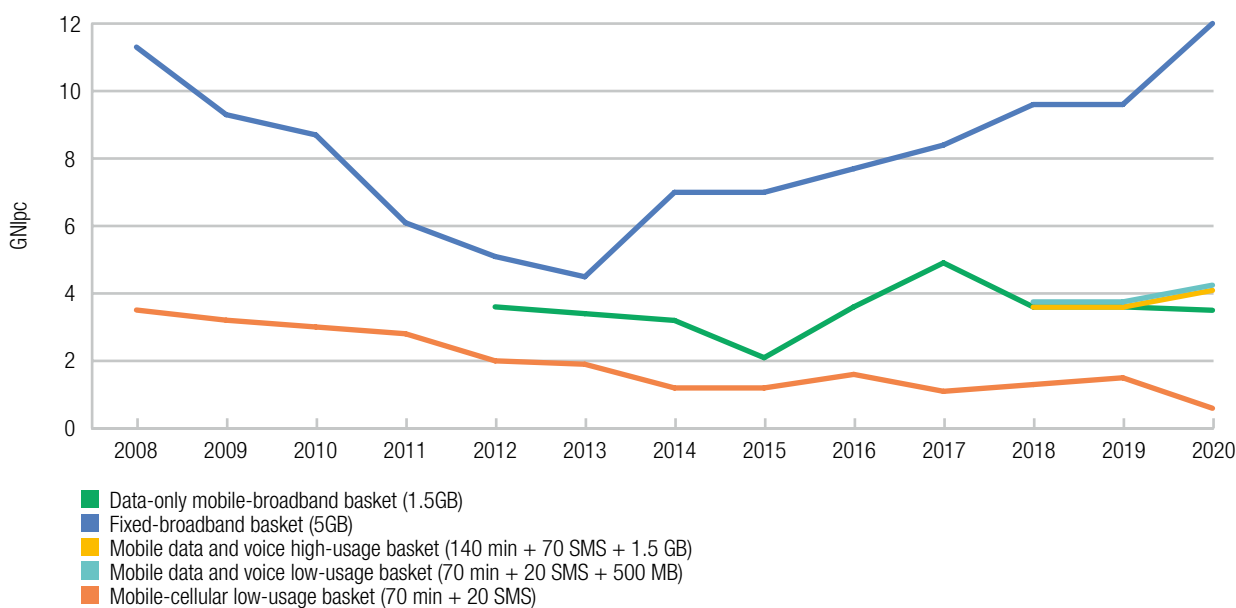
For the data-only broadband basket (1.5 GB), Jordan offers the best value for money in the region at PPP US \$0.6 per GB, thanks to a 45 GB allowance. However, the price is 3.54 per cent of GNI/pc, compared to 1 per cent in the Arab states. The price of fixed broadband (5 GB) reaches 12.08 per cent of GNI/pc, compared to 3.07 per cent in the Arab states. Jordan is among the five economies where the mobile cellular basket decreased the most over the past year (Figure 13).<sup>63</sup>

Figure 12: Fixed broadband services subscriptions by speed



Source: TRC, Telecommunications Market Indicators in Jordan (up to Q4/2020)

Figure 13: Jordan ICT price baskets, 2008-2020



Source: ITU<sup>64</sup>

<sup>63</sup> ITU: Measuring digital development ICT price trends 2020

<sup>64</sup> <https://www.itu.int/en/ITU-D/Statistics/Dashboards/Pages/IPB.aspx>



## 2.4 Major infrastructure projects (submarine cable, fiber optic, etc.)

Jordan is connected to the FLAG Europe-Asia submarine cable through the landing point in Aqaba.<sup>65</sup> According to the MoDEE, there are plans to introduce 5G in 2023.<sup>66</sup> The main challenges include the high cost of implementation, the difficulty in excavation work, especially in the capital Amman, and the pricing strategy to be adopted. The government requests that the Telecommunications Regulatory Commission remove any obstacles that may prevent the activation of this technology in the Kingdom as soon as possible and provide the frequency bands needed with sufficient capacities and reasonable prices, in accordance with the best international practices.<sup>67</sup> The National Digital Transformation Strategy and Implementation Plan 2021-2025 has set target to achieve 5 per cent 5G coverage by 2022, 10 per cent by 2023, 25 per cent by 2024, and 50 per cent by 2025.

Stakeholders highlighted the following priorities during national consultations to continue the necessary development in the ICT sector:

- The need for high-speed ICT backbone infrastructure
- The provision of a 5G mobile network
- Support for cloud computing technology, IoT, machine to machine communication, activation of IoT regulations
- The promotion of blockchain technology

To improve the attractiveness of Jordan as a location for hosting services and to strengthen Jordan's competitiveness in providing services to customers in other countries, the General Policy for the Information & Communications Technology and Postal Sectors of 2018 called for the government to encourage the installation of alternative international transmission routes through the TRC and to establish commercial Internet Exchange Points (IXPs),<sup>68</sup> which have been recently deployed.

The cost of Internet use is on top of the list of the most pressing issues according to public and private sector respondents to the survey, followed by investments in broadband deployment and coverage of Internet in rural areas (Figure 14).

The list is headed by investments in broadband deployment for the private sector, followed by competition among Internet service providers and cost of Internet use. In comparison, the cost of Internet use is on top of the public sector list, followed by coverage of Internet and mobile telephony in rural areas.

<sup>65</sup> <https://www.submarinecablemap.com/country/jordan>

<sup>66</sup> Chairman of the Board of Commissioners of the TRC, Ghazi Al-Jbour announced on Monday, September 16, 2019, that the 5G will be operated in two frequency bands; (3640-3700) and (3740-3800) bands.

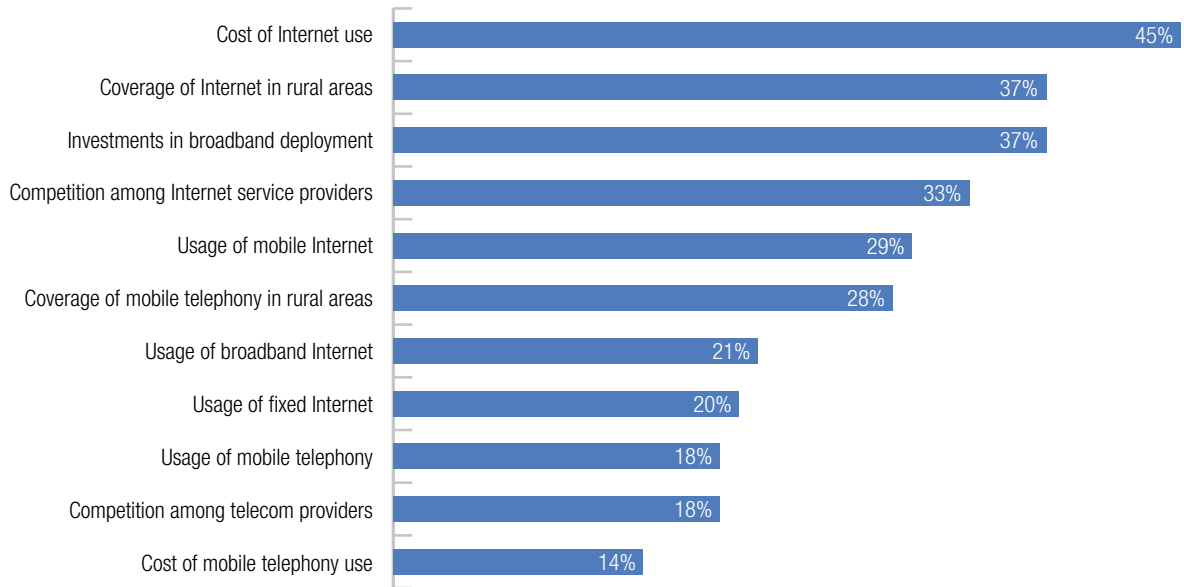
<sup>67</sup> The National Digital Transformation Strategy and Implementation Plan 2021-2025

<sup>68</sup> General Policy for the Information & Communications Technology and Postal Sectors, 2018



**Figure 14: Most pressing issues regarding ICT infrastructure to create an environment conducive to e-commerce**

**Survey question: In your opinion, what are the three most pressing issues regarding ICT infrastructure to create an environment conducive to e-commerce in your country? (Public and private sector, 92 responses)**



Source: UNCTAD





### 3. TRADE LOGISTICS AND TRADE FACILITATION

Jordan could leverage its strategic location to become a hub for e-commerce in the region, focusing on increasing efficiency in transport and logistics to ensure order fulfillment and reduce trade costs for stakeholders. Consumers demand low-cost and fast delivery services. Lowering delivery costs is considered one of the most pressing issues for creating an environment conducive to e-commerce. While some efforts have been put into trade logistics and facilitation, the capacity of Jordan's local delivery service providers and system needs to be further enhanced to meet the needs of e-commerce and allow for its expansion and growth. There was a significant improvement in Jordan's ranking in the 2IPD over the past two years. The JP has a three-year action plan to develop capacities to support e-commerce, and it is also planning to evolve into an e-post office by early 2022. Jordan performs well on trade facilitation rankings with some areas for improvement. A physical addressing system is being implemented, but its completion is expected only in 2023. Meanwhile, delivery service providers use technology solutions.

#### 3.1 Mode of delivery, last-mile delivery

The Government Policy Statements on the ICT & Postal Sectors of 2018 and previous policies have played an essential role in developing effective and efficient delivery services to support the emerging e-commerce sector. According to stakeholders, the capacity of delivery service providers and postal services needs to be improved to meet the expectations of e-commerce businesses and consumers. In many cases, the time needed for last-mile delivery of parcels inside the country takes double or triple the time needed for international delivery. Similarly, many stakeholders highlight the high national and international delivery costs as one of the main obstacles for e-commerce.

The transport sector in Jordan is considered vital, for it is currently one of the largest employers in the country and it has the potential to enable domestic and cross-border e-commerce. Therefore, infrastructure facilities should be prioritized.<sup>69</sup> With its strategic location and extensive road networks, the country has the opportunity to bridge the East and the West; Queen

Alia International Airport in Amman serves as the country's prime gateway to the world. Its expansion aims at providing a new range of flights and route options.

The Jordanian postal market consists of the Public Postal Operator – the Jordan Post Company (JP) – which is fully owned by the government, 171 Private Postal Operators who have a local postal license, and 10 Private Postal Operators who have an international postal license. The number of employees has reached 15,000, an increase of 500 per cent in the last two years.

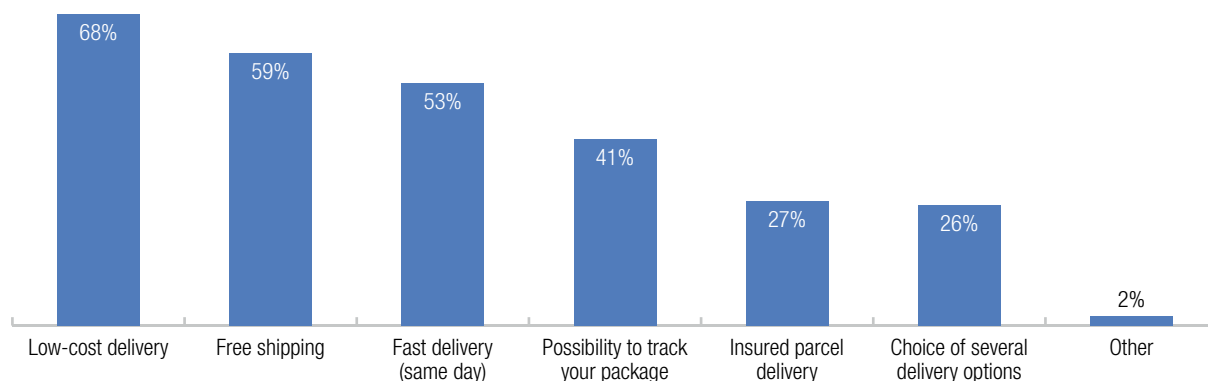
Delivery service providers should address the demand in the country for low-cost, fast delivery. According to the consumer survey, low-cost delivery, free shipping, and fast delivery are the most important factors for online purchase delivery (Figure 15). The consumer survey results also show that prices, delivery costs, and delivery times are the most important criteria for choosing a website to shop online.

<sup>69</sup> Jordan 2025, A National Vision and Strategy



**Figure 15: Consumer preferences for delivery services**

**Survey question: What are the most important considerations for the delivery of your online purchases?  
(Consumer survey, 1,242 responses)**



Source: UNCTAD

Since free shipping is in vogue, delivery service providers should strategize to provide online sellers with effective, efficient, and feasible delivery solutions. Options for strengthening Jordan's competitiveness for e-commerce may include clustering of logistics and delivery companies, as well as wider e-commerce companies and service providers (eventually potentially lowering transaction costs). Developing a capacity-building programme on the basis of clustering could be an option to be explored by companies and trade support institutions. Export development projects and local market development projects deployed by the government and development partners should provide space for logistics and delivery companies to join, in addition to local manufacturers.

Many delivery companies do not provide accurate information on the type and volume of e-commerce parcels. Such data are needed to be able to formulate knowledge-based e-commerce policies. At the same time, data availability affects the measurement of delivery companies' performance; it also enhances the capacities to meet customers' expectations, especially during high seasons. This is considered a huge challenge.

The Logistics Performance Index (LPI),<sup>70</sup> developed by the World Bank, ranks countries based on their performance on trade logistics according to

stakeholders on the ground to help countries identify the challenges and opportunities they face regarding customs procedures, infrastructure, international shipments, logistics services, tracking and tracing, and timeliness. In the 2018 publication, the latest available version, Jordan ranked 84<sup>th</sup> out of 160 countries, scoring and ranking lower than in 2010 (Table 8).

The quality of trade and transport infrastructure, as well as the competence and quality of logistics services, including trucking, forwarding, and customs brokerage, improved slightly between 2010 and 2018, while the ranking dropped in both areas, reflecting higher rates of improvement in regional countries. Jordan's score was higher than the MENA region average in 2010 (2.74 compared to 2.6 in the MENA region) but it was below the MENA region in 2018 (2.69 compared to 2.78 in the MENA region). The ease of arranging competitively priced shipments and the frequency with which shipments reach consignees within scheduled or expected delivery times dropped significantly within the same period (Figure 16).

<sup>70</sup> <https://lpi.worldbank.org/international/global>

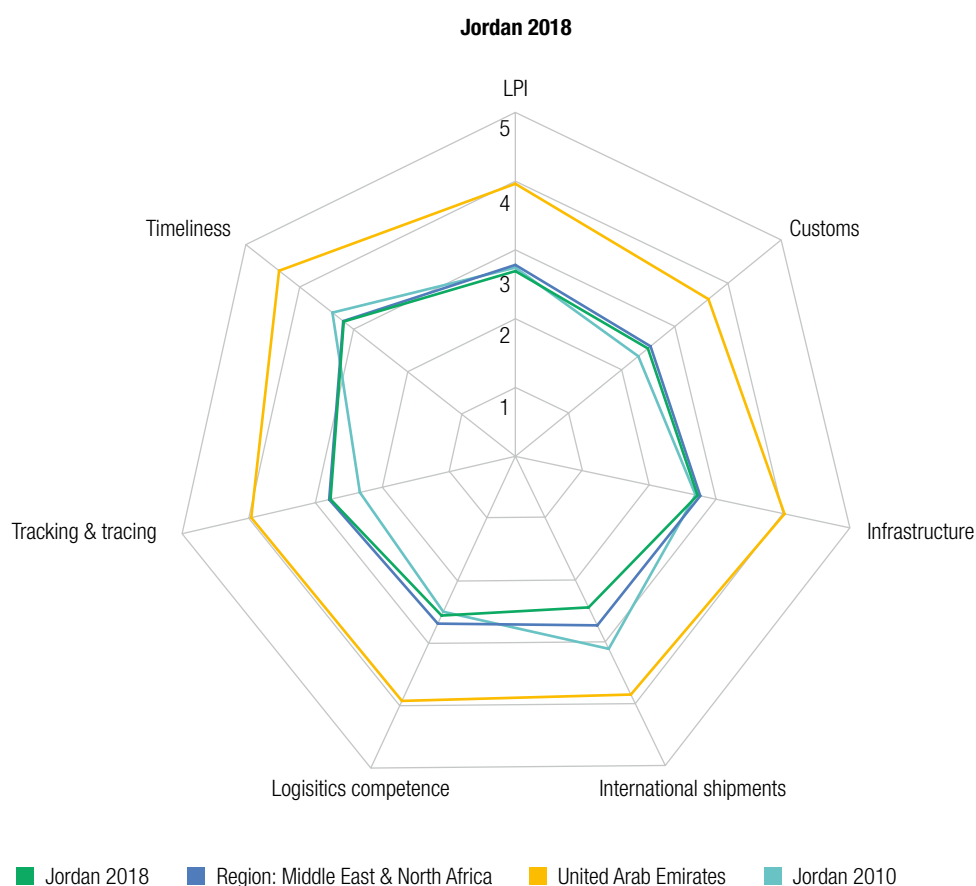


**Table 8: LPI score: comparison of Jordan with other countries**

	Overall LPI score		Overall LPI rank	
	Score		Rank	
Country	2010	2018	2010	2018
United Arab Emirates	3.63	3.96	24	11
Lebanon	3.34	NA	33	NA
Kuwait	3.28	2.68	36	63
Turkey	3.22	3.15	39	47
Saudi Arabia	3.22	3.01	40	55
Oman	2.84	3.20	60	43
<b>Jordan</b>	<b>2.74</b>	<b>2.69</b>	<b>81</b>	<b>84</b>
Egypt, Arab Rep.	2.61	2.82	92	67
Middle East & North Africa	2.60	2.78		

Source: The World Bank<sup>71</sup>

**Figure 16: LPI score: Jordan vs. the MENA region, 2018**



Source: The World Bank<sup>72</sup>

<sup>71</sup> <https://lpi.worldbank.org/international/global>

<sup>72</sup> <https://lpi.worldbank.org/international/scorecard/radar/254/C/JOR/2018#chartarea>



## Jordan Post

Under Postal Services Law No. (34) for 2007, the MoDEE is responsible for preparing the general policy and the operational plan for the postal sector, while the TRC is responsible for regulating postal services. The General Policy for the Telecommunications, Information Technology and Postal Sectors 2018 highlighted the importance of improving JP's performance and the need to facilitate the delivery of packages arising from e-commerce. The policy aimed to develop a transformed JP able to participate fully in the provision of postal services for e-commerce and to deliver letter mail and packages across Jordan, as well as internationally, in accordance with its mandate as the designated universal service provider (Designated Operator).

According to the policy, the digital economy requires an efficient means of delivering mail and packages throughout the Kingdom. Therefore, the provision of efficient and quality postal services at a reasonable price within Jordan and between Jordan and the rest of the world, while satisfying the logistics requirements of the evolving and rapid growth of e-commerce, is central and is considered to be the overarching aim of the policy. The policy thus called for the TRC to conduct a comprehensive market analysis as a preliminary step to develop postal services in the country and to revise JP's performance contract.

Similarly, the JEGP 2018-2022 and the above policy called for preparing post offices and knowledge stations to provide financial and social services, e-commerce, e-government services, and postal services.

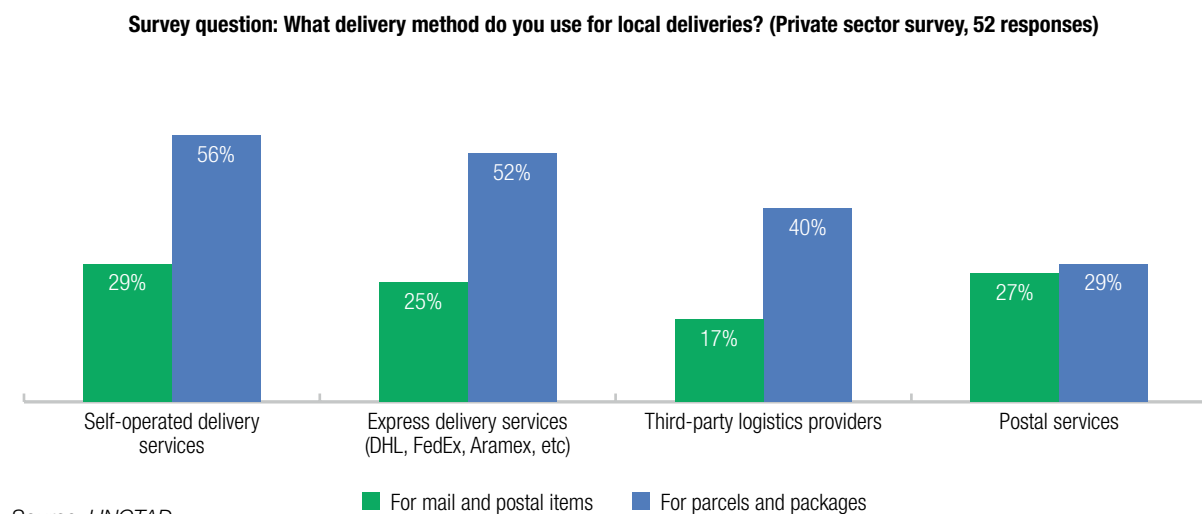
Top government priorities included:

- Improving the performance of the JP through reviewing the constitution of JP's Board of Directors to ensure it contains the relevant mix of expertise and has the necessary processes to govern the JP
- Assessing JP's capacity to be a modern postal operator
- Preparing a transformation plan by mid-2020

While private courier service providers appear to have been effective in providing excellent services to their customers, the JP may have been less successful. The improvement in JP performance required under previous policies has so far not been accomplished.<sup>73</sup> This seems to be reflected in consumer preferences for private delivery rather than postal services. According to the consumer survey, 57 per cent of consumers prefer private delivery (1,246 responses).

At the same time, private sector companies rely on their own delivery services to serve the local market not only for parcels but also for mail and postal items (Figure 17).

**Figure 17: Preferred delivery method for local deliveries**



<sup>73</sup> The General Policy for the Telecommunications, Information Technology and Postal Sectors 2018



For international delivery, companies prefer express delivery services. Around 67 per cent of respondents to the private sector survey (49 responses) use express delivery for serving international customers.

Information assembled during national consultations revealed that the JP supports B2C, B2B, C2C, G2B, and G2C (passports, government notification, birth certificates, and others) e-commerce services. As part of its efforts to respond to the government demand to develop competitive services and improve its performance, the JP is considering two business models. The first focuses on the effective delivery of e-commerce items, which is currently adopted. The second business model provides comprehensive e-commerce services and solutions, including web hosting, payment, delivery, marketing, data exchange, customer relations management, etc. It is expected that payment solutions and web hosting services will be delivered, in addition to a wide network of international services and connections in the second half of 2021. The JP developed an action plan to adopt this business model in three years.

As part of UPU's support of designated postal operators to become significant players in the field of e-commerce, the organization is working with the JP to develop Operational Readiness for E-commerce (ORE) to ensure that e-retailers have access to the distribution infrastructure necessary to develop their activities. Jordan Post was able to achieve 79 per cent of the requirements, including operational and technical minimum specifications, visibility, data quality, supply chain integration and end-to-end service reliability. One of the major recommendations that is still under analysis by JP is to review the operational floor plan at the main international mail processing centre and to acquire an automated sorting machine to process the increased volumes of small packets and parcels rising from e-commerce. With the support of the UPU, the JP is planning to evolve into an e-post office by early 2022.

Visibility/Track and Trace is a key requirement for E-commerce consumers (Figure 15). Increased investments in JP digital capability to enhance data capture and data sharing programs will improve customers and partners access to track and trace

information. A program of digital transformation of postal services and improved digital readiness for e-commerce of JP would improve accessibility of postal services by e-commerce platforms, partners, and customers, and increase the performance of Jordan in the LPI (Figure 16). Digital transformation of postal services can make them accessible via API and related tools and help integrate services into existing e-commerce platforms, enhancing the universal delivery possibilities for SMEs and consumers across the country.

Jordan Post, an EMS operator within the Arab region comprised of 16 EMS member operators, has a small EMS network. Its number of post offices/agencies offering EMS service is less than the number of its cities with over 20,000 inhabitants. EMS Jordan globally has a balanced EMS international activity, despite a slight predominance of import volume. EMS Jordan has made remarkable progress in its EMS performance since 2017.

EMS Jordan is progressing; it ranked 60<sup>th</sup> in the second quarter 2021, up from 70<sup>th</sup> in 2017; and is 7<sup>th</sup> within the Arab region after the Arab Emirates, Qatar, Lebanon, Oman, Saudi Arabia, and Egypt. EMS Jordan is third in the region in Delivery Performance after the Arab Emirates and Qatar, as well as third in Time in Customs Performance after Oman and Djibouti.

Transport is clearly improving, although its on-time performance (33 per cent in 2017, 66 per cent in the second quarter of 2021) remains below the set objectives of the UPU EMS Cooperative. Time in customs performance (in less than 24 hours) has remained very high since 2017, above 99 per cent, and the export performance, measured only since April 2021, remains constant above 98 per cent.

On-time delivery is showing remarkable progress, rising from 78 per cent in 2017 to constantly above 96 per cent since 2018, while Customer Care Performance remains unstable, below the UPU EMS Cooperative objectives.

According to the Integrated Index for Postal Development (2IPD),<sup>74</sup> Jordan is ranked 58<sup>th</sup> out of 170 economies,<sup>75</sup> marking a significant improvement

<sup>74</sup> A composite index, the 2IPD measures the performance of countries across four key dimensions of postal development: reliability, reach, relevance, and resilience.

<sup>75</sup> Postal Development Report 2020: Achieving Higher Performance Amid a Major Crisis, October 2020, UPU, <https://www.upu.int/UPU/media/upu/publications/2020-Postal-Development-Report.pdf>



compared to the 2019 rank (77<sup>th</sup> out of 172 economies).<sup>76</sup> Jordan is among the good performers and belongs to the top 50 per cent with a score of 44.07 in 2020, up from 34.18 in 2019.

While Royal Jordanian is the national carrier for the JP, the latter is developing cooperation agreements with the Qatari and Egyptian Airlines to expand its outreach. The JP is partnering with private-sector delivery companies to support last-mile delivery.

One of the suggestions of the national consultations during this assessment was for the JP to conduct a rapid assessment to ensure it will meet its targets and do any necessary restructuring of its strategy to meet these deadlines or set new ones. The assessment should include the need to update the existing ORE, conducting a Digitalization Readiness for E-commerce assessment (DRE), and conducting a postal Payment solutions Readiness for E-commerce assessment (PRE). Regardless of JP's business model, delivery time, cost, and predictability will shape its future in terms of finding, attracting, and retaining online customers.

### 3.2 Trade Facilitation Performance

According to international delivery companies working in the sector, customs procedures are efficient and provide fast clearance. However, other national stakeholders raised issues related to approval and execution of e-waybills and electronic manifests for the international shipping of goods<sup>77</sup> and in the valuation of goods subject to customs duties, highlighting that it is still subject to individual assessment and not to the regulations in place.<sup>78</sup> The Airport Customs Clearance Center boasts developed capacity for staff and infrastructure compared to the region; new scanning machines and pre-shipment inspection have been recently introduced. Around 7-12 thousand parcels are cleared daily. An estimated 1,350,000 parcels were received in 2019 and 1,300,000 in 2020.

A recent cabinet decision urged customs to clear all postal parcels swiftly, which will depend on the successful implementation of the ORE

project mentioned in the previous section and the implementation of paperless process for Posts and customs interaction. The Customs Clearance Center provides a one-stop shop for stakeholders requiring approvals for goods. In addition, there are three customs clearance centers for e-commerce parcels: one for the JP, one for DHL, and one for other six delivery companies working in Jordan. The Customs Department has introduced a risk assessment methodology, which will reduce the number of parcels subject to opening and manual inspection by the department. In 2021, Jordan Customs decided to upgrade their national and highly modified version of ASYCUDAWorld to the latest release of ASYCUDAWorld (see Box 2).

Jordan ratified the Trade Facilitation Agreement in 2017 with most of its notified measures made under category A. There are seven measures notified under Category C, including information available through Internet, enquiry points, advance rulings, pre-arrival processing, formalities, acceptance of copies, and single window. These measures are to be implemented by the end of 2022. Measures related to transit and publications notified under category B were implemented, while the general disciplines on fees and charges are due implementation by the end of 2022.<sup>79</sup>

In order to facilitate Jordanian trade with the world and expedite the process of addressing challenges and reforms, Jordan established The National Committee for Trade & Transport Facilitation (NCTTF), The Technical Committee for Trade and Transport Facilitation (TCTTF), and The Executive Secretariat for Trade and Transport Facilitation (ESTTF). The ENTF should maintain high coordination with these bodies, especially the ESTTF (see Box 3).

According to the UN Global Survey on Digital and Sustainable Trade Facilitation,<sup>80</sup> the trade facilitation score for Jordan stands at 70.97 per cent (2021), showing better performance than the ESCWA average of 55.09 per cent. It marks an improvement compared to its 2015 score of 56.99 per cent.

<sup>76</sup> Report 2019: Perspectives on the Performance of Postal Operators Worldwide, October 2019, UPU, [https://www.upu.int/UPU/media/upu/publications/Postal-Development-Report-2019\\_FINAL.pdf](https://www.upu.int/UPU/media/upu/publications/Postal-Development-Report-2019_FINAL.pdf)

<sup>77</sup> Based on feedback from MoT.

<sup>78</sup> Based on feedback from Jordan Exports.

<sup>79</sup> <https://tfadatabase.org/members/jordan>

<sup>80</sup> <https://www.untfsurvey.org/economy>



### Box 2: ASYCUDAWorld

ASYCUDA (Automated System for Customs Data) is UNCTAD's ASYCUDA Programme's flagship computerized Customs management system that covers most foreign trade procedures. It handles manifests and Customs declarations, accounting procedures, transit, and suspense procedures. It also generates trade data that can be used for statistical economic analysis.

Since 1997, the Customs administration in the Hashemite Kingdom of Jordan has been using ASYCUDA software for its Customs automation. The web-based version of ASYCUDA known as ASYCUDAWorld has been used in Jordan since 2007. This version takes advantage of the significant progress made in the field of ICT to provide improved automated support to the evolving requirements of both the trading community and customs administrations.

In 2021, and within the context of its Single Window initiative, Jordan Customs decided (with financial support of GIZ) to upgrade their national and highly modified version of ASYCUDAWorld to the latest release of ASYCUDAWorld. The new release has enhanced technical and functional features, such as those in the field of Express Courier Management. Among others, the new ASYCUDAWorld cargo module is designed to automatically detect the goods categories being carried in every waybill. It facilitates the immediate release of goods for express courier operators. An interface with UPU's customs declaration system is also possible. A smooth automatic processing and risk analysis of e-commerce consignments can be deployed.

The availability of the ASYCUDAWorld module source codes and object-oriented design will allow Jordan Customs to easily adapt existing ASYCUDAWorld standard modules to national requirements that are quickly evolving in Jordan in the field of international e-commerce (see Box 5).

Source: UNCTAD

### Box 3: National trade facilitation bodies

Jordan established the NCTTF in 2003, followed by the TCTTF in 2005, and the ESTTF in 2011.

The NCTTF is chaired by the Minister of Transport, consists of 11 members including JCC and JCI. The NCTTF adheres to the guidelines of the UN Economic and Social Commission for Western Asia (ESCWA) on regional trade. The committee provides guidance and recommendations aiming to facilitate trade and transport, improve customs procedures, empower administrative reforms, and promote public-private dialogue in trade facilitation and logistics.

The TCTTF was subsequently formed to activate and support the role of the NCTTF, comprises 29 public and private stakeholders, and is chaired by the Ministry of Transport (MoT) Secretary General. The TCTTF reports to the NCTTF on issues raised and obstacles faced by stakeholders that cannot be resolved internally within the committee.

The MoT established the ESTTF to support both committees in meeting their objectives. The duties of the ESTTF include developing strategies to facilitate trade and implement recommendations by the two committees, organizing and reporting on meetings of the two committees, conducting research and data collection, capacity-building of stakeholders, promotion of public-private dialogue, strengthening cooperation and partnerships between local and regional service providers, as well as strengthening public-private partnership.

ESTTF developed the Transport and Trade Facilitation Strategy (2014-2017) in 2014 aiming at: reducing logistics costs, transaction costs and time; encouraging and facilitating the efficient movement of goods through the establishment of national and regional trade and transport corridors; developing sustainable, safe, protected, and easy-to-use transport and trade networks; and enhancing transparency in laws, regulations, and procedures.<sup>1</sup>

Improving administrative efficiency in transport operations, customs procedures and inspections were on top of the planned activities to increase the competitiveness of the Jordanian economy. Similarly, following up with the implementation of the provisions and commitments made under the WTO Trade Facilitation Agreement was among the main planned activities of the ESTTF.<sup>2</sup> In 2018, ESTTF organized a conference on "Trade and Transport Facilitation Towards Developing the Jordanian Economy" which focused on attaining better coordination to implement the TFA as well as mechanisms to reduce the cost of transportation and streamline exports/imports procedures.<sup>3</sup>

ESTTF could play an effective role in facilitating cross-border e-commerce and maintaining high coordination between the ENTTF and ESTTF will ensure e-commerce facilitation priorities set by the ENTTF are on top of the ESTTF agenda.

Source: MITS

<sup>1</sup> MoT Annual Report 2014

<sup>2</sup> MoT Annual Report 2015

<sup>3</sup> MoT Annual Report 2018

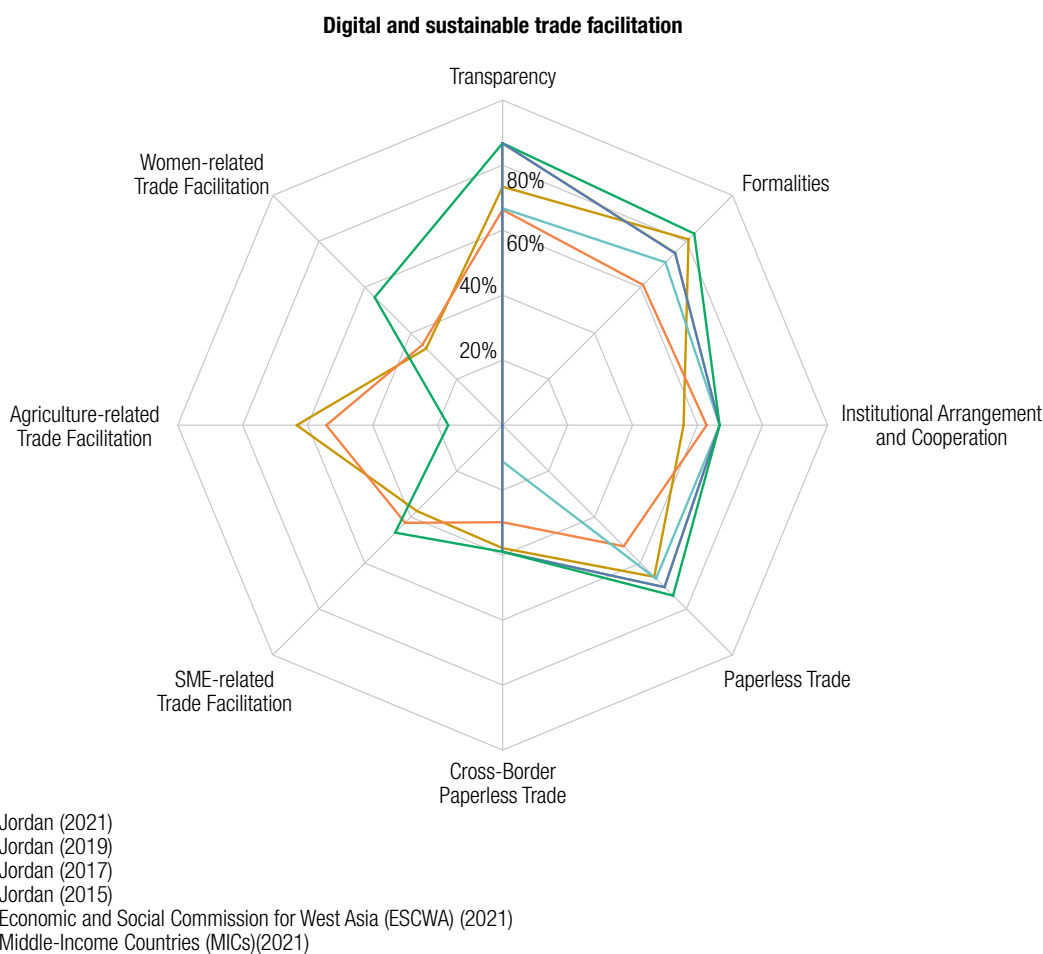


Jordan is in a better position with Paperless Trade Facilitation, compared to Cross-Border Paperless Trade. With Paperless Trade Facilitation, Jordan needs to fully implement the electronic application and issuance of import and export permit across all channels, including for postal traffic. It also needs to start implementing the electronic application and issuance of Preferential Certificate of Origin and the Electronic Application for Customs Refunds. During 2019-2021 the Electronic Single Window was fully implemented; however, this should be enhanced to include postal traffic in order to ensure the universal benefit of e-commerce for all.

Except for the laws and regulations for electronic transactions, all other requirements for Cross-Border Paperless Trade have only been partially implemented (Electronic Exchange of Customs Declaration and Exchange of Certificate of Origin, and Electronic Exchange of Sanitary & Phyto-Sanitary Certificate). The status of these measures has not changed between 2019-2021.

The UN Global Survey also shows that Jordan needs to improve measures on women, SMEs, and agriculture related trade facilitation (Figure 18).

Figure 18: Digital and sustainable trade facilitation



Source: UN Global Survey on Digital and Sustainable Trade Facilitation<sup>81</sup>

<sup>81</sup> <https://untfsurvey.org/economy?id=JOR>



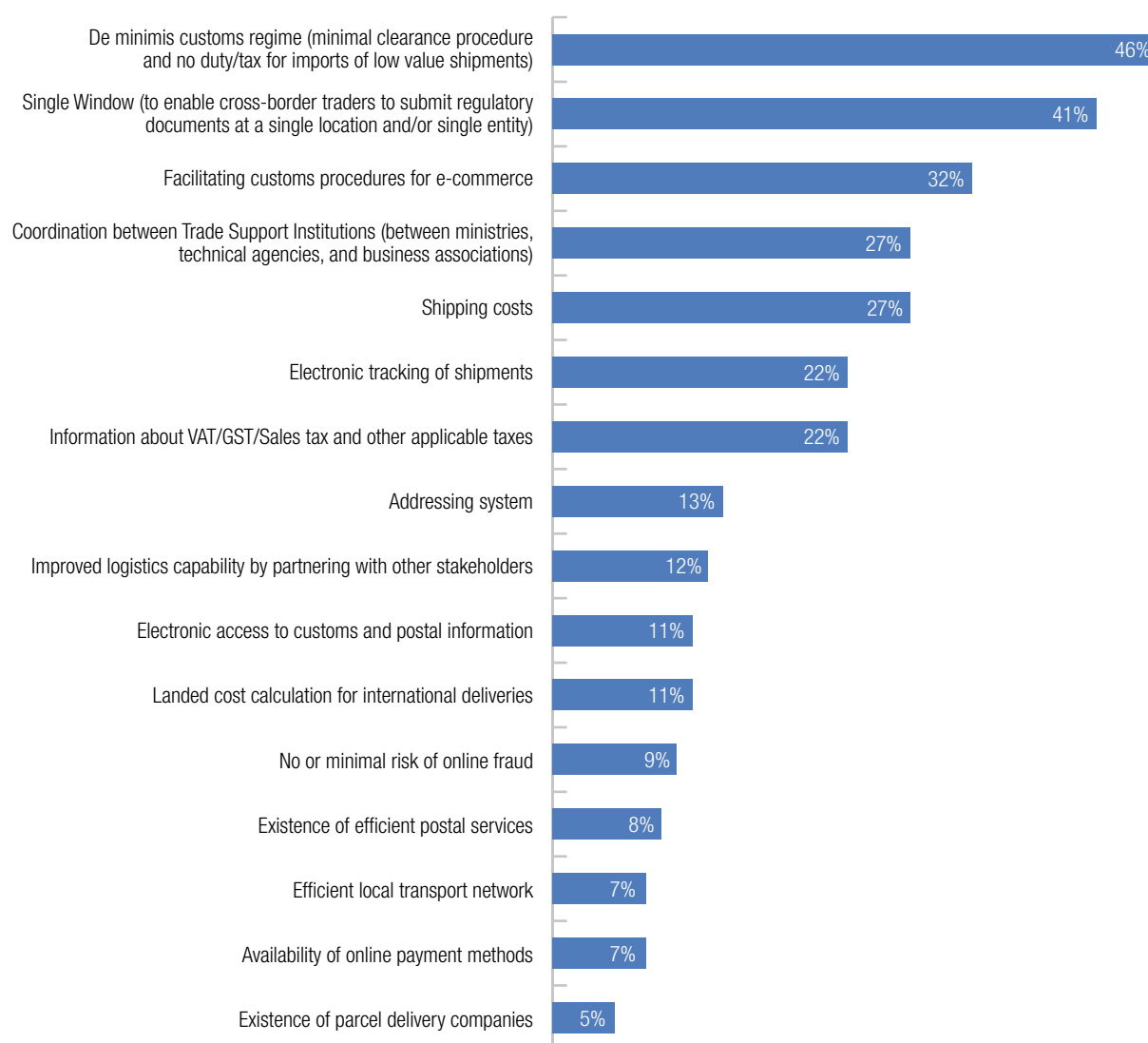


According to the public and private sector surveys, stakeholders consider the following measures as top priorities for creating a conducive e-commerce environment: applying a de minimis customs regime,

a single window to enable cross-border traders, and facilitating customs procedures for e-commerce (Figure 19).

**Figure 19: Logistics and trade facilitation priorities**

**Survey question: In your opinion, what are the three most pressing issues in terms of logistics and trade facilitation to create an environment conducive to e-commerce in your country? (Public and private sector, 85 responses)**



Source: UNCTAD



### 3.3 Physical addressing issues

The absence of a physical addressing system in the country is considered a major challenge. The post and international companies operating in Jordan are considering technology-based solutions and mobile applications like What3Words, the Global Positioning System (GPS), WhatsApp, and other courier applications that show customers' location.

Jordan started to establish a physical addressing scheme more than ten years ago. Its completion is considered a priority by the General Policy for the Telecommunications, Information Technology and Postal Sectors 2018 due to its importance in increasing the efficiency of doorstep delivery for courier service providers and the growth of e-commerce. According to the JP, 65 per cent of the system has been accomplished and is expected to be completed in 2023. Adopting UPU S42 standards on physical address is fundamental for the JP.

UPU current postal reference data from Jordan is from 2016 and is limited to locality level solely (650 localities). In the UPU database records, these locality names are both in Arab script and Latin/English. The Jordanian addressing system (ref. 2004<sup>82</sup>) seems correct, but enhancements would benefit e-commerce development overall in Jordan and last mile delivery in particular. Jordanian postal operations may need to review the postal code to extend to new delivery zones, to include new post offices and to incorporate the authorized operators. Maybe this improvement could also include some new address types and/or postal products in the postal code: Delivery Post Office poste restante, PO Boxes, EMS, Big Customer, Government bags, and the like.

### Jordan: A hub for e-commerce

During the national consultations, different stakeholders stressed the importance of strengthening Jordan's capacity and competitiveness as a hub for e-commerce.

One of the ideas currently being explored by the Aqaba Development Corporation (ADC) is whether to establish an e-commerce city in Aqaba to provide international e-commerce companies with a hub to serve the local and regional markets. The ADC and the Jordanian Customs developed a policy to facilitate investment and trade for international e-commerce companies, and ADC has started consultations with stakeholders. This is in line with the actions of Reach 2025, linked to establishing an e-commerce zone and future logistics solutions. The feasibility of the e-commerce city in Aqaba should be studied and compared to its feasibility in other governorates.

<sup>82</sup> Link to the Addressing System format (2004): <https://www.upu.int/UPU/media/upu/PostalEntitiesFiles/addressingUnit/jorEn.pdf>



## 4. PAYMENT SOLUTIONS

Jordan is making substantial progress towards the growth of electronic payments, and the COVID-19 pandemic helped accelerate this process. The year 2020 marked a significant increase in the number and volume of digital payments and the number of e-Wallets. This process was supported by laws and regulations governing the financial sector, including insolvency, public procurement, and digital payments. Lockdown policies also accelerated the adoption of e-payments, a trend that was not reversed once Jordan began to lift the restrictive measures imposed, demonstrating the potential long-term benefits from them. Nevertheless, many businesses, including MSMEs, remain hesitant to start offering and accepting digital payments, and most customers still prefer to pay in cash. More efforts are needed to raise awareness of the benefits of cashless payments and reduce skepticism and concerns among buyers and sellers.

The financial sector in Jordan witnessed remarkable development regarding payment systems in the past few years, including clearing and settlements, electronic banking, e-commerce, and the spread of electronic money. Among other things, the CBJ is working on reducing the operational costs of executing payment transactions and electronic transfer of funds and enhancing means of security and protection of payments to contribute to developing the digital economy and achieving financial inclusion.

In the past two years, Jordan experienced significant growth in e-commerce transactions, merchants and consumers using e-commerce.<sup>83</sup> The rate of e-commerce in Jordan is still relatively low however. Cash dominates the market, with 60 per cent of online purchases being paid with cash on delivery. The low rate of online payments is driven by low consumer trust in goods and services purchased online, low rates of official registration of online platforms, and low penetration of payment cards.<sup>84</sup>

### 4.1 Banking penetration

The number of licensed banks operating in Jordan stood at 24 at the end of 2020. There are 16 Jordanian banks (including three Islamic banks) and eight branches of foreign banks, including one branch of a foreign Islamic bank. These banks carried out operations via a network of 871 branches and 70 representative offices, compared to 861 branches and 81 representative offices at the end of 2019. The number of Jordanian bank branches operating abroad

reached 192 branches, five representative offices, 22 offices, and two offshore units at the end of 2020.<sup>85</sup>

Jordan Post, with its 277 branches across the country, also provides a range of financial services including domestic money transfer, utilities bill payment services, transfer of government-to-person (G2P) payments, and offers an affordable postal savings account that is linked to any of the major e-Wallets.

According to the CBJ, the population-based ratio of the number of branches reached 12.4 thousand citizens per branch,<sup>86</sup> compared to 12.2 thousand at the end of 2019.<sup>87</sup> According to the World Bank, commercial bank branches per 100,000 adults in Jordan reached 14.39 in 2019, down from 18.2 in 2004. This is higher than the Arab World average of 10.4 in 2019.

In addition to the above-mentioned institutions, many other non-banking financial institutions provide supportive financial services, including deposit insurance services, loans and export credit guarantee services, mortgage refinance services, and the Social Security Investment Fund.

The number of ATMs per capita is lower than the MENA region and the Arab states average. There were 26.13 ATMs per 100,000 adults in 2019,<sup>88</sup> compared to 33.91 in the MENA region and 40.13 in the Arab world. Out of a total 2,094 ATMs in 2020, 12 per cent were using biometric technology. The number of ATM transactions dropped by 6 per cent in 2020 compared to 2019.

<sup>83</sup> According to the Jordan Payment and Clearing Company, this increase reached a 100%.

<sup>84</sup> According to the Jordan Payment and Clearing Company

<sup>85</sup> CBJ Annual Report 2020

<sup>86</sup> CBJ Annual Report 2020

<sup>87</sup> CBJ Annual Report 2019

<sup>88</sup> Source: The World Bank, <https://data.worldbank.org/indicator/FB.ATM.TOTL.P5?locations=JO>



Based on the reports provided by the CBJ, there are 38,723 POS terminals, which translates into 550 terminals per 100,000 adults (15+ years old). This marks an increase of 10 per cent compared to 2019. In comparison, there are over 100 terminals per 100,000 adults in Egypt, nearly 200 in Palestine, and over 2,000 in most Gulf Cooperation Council (GCC) countries.

#### 4.2 Digital payment

The CBJ has established the Real Time Gross Settlement System - Jordan (RTGS-JO) for large-value payments and the settlement of net positions of retail payment systems. RTGS-JO was first established in 2002, while an updated version of the system was introduced in 2015, the first in the region and the second in the world to adopt ISO 20022 messaging standards. RTGS-JO also considers all international standards and best practices, most notably the Principles for Financial Market Infrastructures (PFMIs). It settles bilateral credit transfers on a real-time, gross, and final basis. It also provides the settlement of Net Clearing Positions (NCPs) generated by retail payment systems through the centralized settlement accounts associated with Central Bank money and settling the cash leg of the operations handled by the electronic system of public debt management and open market operations (Depox). Participation is compulsory for all licensed banks operating in Jordan, in addition to the Securities Depository Center (SDC). It has interoperability with retail payment systems to settle NCPs.<sup>89</sup>

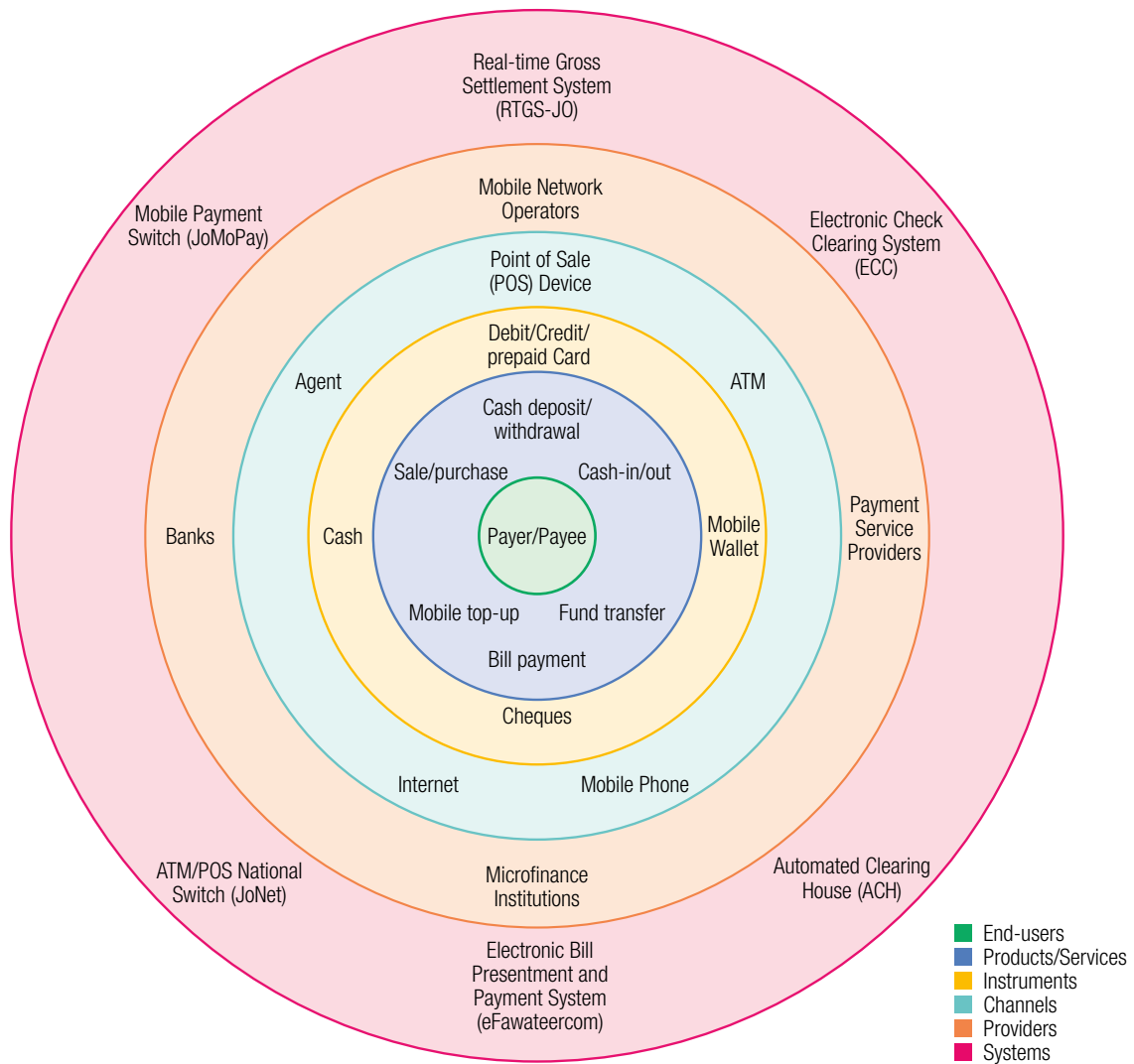
The CBJ operates several retail payment systems:

- The Automated Clearing House (ACH), launched in 2016, provides banks, the CBJ, and their customers with a retail payment service to facilitate and accelerate the execution of numerous yet low-value debit and credit money transfers. An Electronic Cheque Clearing system (ECC) was introduced in November 2007.
- The Jordan Mobile Payment system (JoMoPay) was officially launched in 2014. JoMoPay was initially operated by the CBJ. In 2017, the CBJ and commercial banks established JoPACC as a private shareholding company to manage and operate the JoMoPay. It enables mobile payments of small value, including paying bills, transferring from one person to another, and paying for purchases directly. It provides an effective tool for reducing cash use and enhancing financial inclusion, especially in rural areas. All ATMs are connected to the mobile payment system directly or through the Jo-Net network, a local network that manages and connects all ATMs in the Kingdom. It enables cash-out operations from e-Wallet or banking accounts through ATMs spread all over the country. JoMoPay is also connected to the Electronic Bills Presentment and Payment System.
- The Electronic Bill Presentment and Payment (eFAWATEERcom) was launched in 2014. It provides the service of presentment and payment of bills and other services electronically. It uses different payment channels, including bank branches, ATMs, mobile banking, Internet banking, mobile wallets (JoMoPay), Jordan Post offices, kiosks, etc. This system is considered to be one of the most advanced, achieving progress in retail payments, especially in developing a paperless environment. eFAWATEERcom has been outsourced by the CBJ to the Jordanian company MadfoatCom for Electronic Payment to build, administer, and operate.
- The Instant Payment System (Qlick) allows instant bank transfers by using bank accounts or e-Wallets. Both, merchant-presented QR and consumer-presented QR were introduced in 2020.

<sup>89</sup> Source: CBJ, *Payment System in Jordan, 5<sup>th</sup> Annual Report 2020*, and CBJ website <https://www.cbj.gov.jo/>



Figure 20: key elements of Jordan's national payment system



Source: CBJ<sup>90</sup>

<sup>90</sup> <https://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=204>



### 4.3 Financial regulation (FSP, PSP, cashless, e-payment gateways)

Led by the CBJ, key laws and regulations support the evolution of the Jordanian financial sector, and in particular the development of electronic payments.

Electronic payments are regulated mainly by the Electronic Payment and Money Transfer Bylaw, Bylaw No. (111) of 2017, which is based upon Articles (21) and (22) of the Electronic Transactions Law No. (15) of 2015, regulating the establishment, operation, and management of e-payment systems and services.<sup>91</sup> Other laws include the Central Bank of Jordan Law No. (23) of 1971, its amendment Law No. (24) of 2016 and Law No. (5402) of 2016,<sup>92</sup> the Banking Law No. (28) of 2000, its amendment, the Banking Law No. (46) of 2003, the Money Exchange Business Law No. (44) of 2015, the Licensing and Accrediting Bodies for Electronic Authentication Bylaw adopted in 2014, and the Credit Information Law No. (15) of 2010.

As per Jordan's Schedule of Specific Commitments in trade in services for banking and other financial services (excluding insurance), the establishment of a commercial presence or the conduct of new activities is restricted to Public Shareholding companies constituted in Jordan and to branches and subsidiaries of foreign banks. Furthermore, it is noted that only Banks may undertake activities involving the acceptance of deposits and other repayable funds from the public (CPC 81115- 81119 excluding CPC 81117) and extend guarantees and commitments services and money broking. Financial service companies may provide all other financial activities. Real property in Jordan may not be mortgaged to banks outside Jordan. Branches of foreign banks are required to have a resident regional manager.<sup>93</sup> Banks, shareholding companies, and companies can only provide financial services through natural persons registered by the Jordan Securities Commission (JSC) (Instructions of Financial Services Licensing and Registration, Article 3).<sup>94</sup>

### Financial and Structural Reforms

Since 2019, Jordan has pursued structural reforms, introducing new regulations to govern different aspects of financial transactions, such as insolvency, digital payments, and public procurement.

During the COVID-19 pandemic, the CBJ implemented a bundle of measures to protect the national economy and reduce the pandemic's impact on society.<sup>95</sup> Some of these measures cover various payment systems and enhance electronic financial services as follows:

- Continuing operating all payment settlement and clearing systems remotely during a lockdown.
- Issuing a circular to emphasize that banks, as well as electronic payment and transfer service providers continue providing financial services for clients without interruption and ensuring the continuity of providing payment services, including bills payment, ATMs, and merchants' points of sale (POS) as well as the regular maintenance of these machines and feeding them with sufficient banknotes.
- Enabling payment companies to manage electronic payment systems and services remotely.
- Recommending the use of e-Wallets through mobile phones and enabling payment companies to provide the service of opening e-Wallets for clients, stores, and companies remotely and without any costs, aimed at enabling clients to make transfers and receive salaries and aid related to the National Aid Fund and any other government programmes electronically, in addition to enabling them to implement payment and transfer operations with no limitations in terms of place or time.
- Providing electronic channels for enabling clients to send financial transfers abroad in a fully electronic manner.

<sup>91</sup> <https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/06ef2d20-96b0-4e23-8a68-df3ac3baf93a.pdf>

<sup>92</sup> <https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/a6d37e65-4ed7-41d0-8799-60962f082f77.pdf>

<sup>93</sup> *Trade in Services, The Hashemite Kingdom of Jordan Schedule of Specific Commitments*

<sup>94</sup> MITS

<sup>95</sup> *The CBJ's measures regarding payment systems and enhancing the use of electronic payment services during the Coronavirus pandemic period: <https://www.cbj.gov.jo/EchoBusV3.0/SystemAssets/PDFs/Covide19/Influencing%20Electronic%20Payments/Summary%20of%20the%20Central%20Bank%20of%20Jordan%E2%80%99s%20measures%20regarding%20payment%20systems.pdf>*



- Providing supportive modern technologies for accepting electronic payments at points of sale, such as the QR code.
- Enabling clients to implement cash deposit and withdrawal operations from e-Wallets through ATMs of some of the most widespread banks in the Kingdom without the need to use a card.
- Regulating and encouraging contactless electronic payments to enable clients to implement payment operations for merchants and retail business sectors without using client's authentication factors and to identify the maximum value for a single low-risk contactless payment transaction at JOD 55.

#### 4.4 Main mobile, cashless payment solutions available

During the pandemic, e-Wallets were used to transfer salaries to employees. Private sector employees who used to receive their salaries in cash and did not own bank accounts were encouraged to open e-Wallets to transfer and receive money, pay bills, save, and shop online.

The number of e-Wallets corresponds to the number of mobile phones on which an e-Wallet is opened and is not linked to a bank account. Moreover, an e-Wallet can be opened at one of Jordan's seven mobile payment service providers, including Zain Cash, Dinarak, Orange Money, Mahfazti, Aya, National Wallet, and Qadha. For businesspersons to transfer salaries to employees, they need to deposit money in the e-Wallet either by transferring from a bank account to the wallet or depositing money into the wallet through one of the agents.

There are small commissions based on financial transactions, which may differ from one service provider to another. Cash deposit and withdrawal can be done through e-Wallet agents or ATMs of Cairo Amman Bank and Jordan Kuwait Bank without a card.

The seven e-Wallet companies provide a wide range of services such as issuing a card, cash in/cash out, cash withdrawals at any agent, cash withdrawals from Jordan Kuwait Bank and Cairo Amman Bank, sending money from one person to another, paying bills,

eFAWATEERcom, online shopping, peer-peer money transfer, mobile-to-mobile, mobile-to-prepaid card, mobile-to-bank account (and vice versa), merchant payment, and national money transfer. Most of these transactions are free of charge, while some require a fee. These fees range between JOD 0.5 and JOD 1.

There was a significant increase in the use of e-Wallets in 2020. The total number of electronic wallets opened in the Jordan Mobile Payment system (JoMoPay) (through payment service providers or bank accounts linked to the system through the participating banks) reached 1,181,231 wallets and bank accounts, an increase of 113 per cent from 2019. A total of 12,059,668 operations were executed, with a value of JOD 1,082.62 million, an increase of 213 per cent and 571 per cent, respectively, compared to 2019.<sup>96</sup>

The number and the usage of e-Wallets have meanwhile continued to increase exponentially. The number of e-Wallets jumped to 1.47 million in May 2021, an increase of 2 per cent from April 2021 and of 24.5 per cent from the end of 2020.<sup>97</sup> The number of transactions increased by 15 per cent in May 2021 compared to April 2021, and the number and value of transactions, 2.05 million and JOD 189 million, respectively, are nearly double the monthly average of the number and value of transactions in 2020. One concern, however, is that only 27.6 per cent of e-Wallet owners are female. In terms of age distribution, 31 per cent of e-Wallet owners are 18-30 years of age, 25 per cent are 31-40 years of age, and 18 per cent are 41-50 years of age.

The number of payment transactions executed through the Electronic Bill Presentment and Payment System (eFAWATEERcom) reached 22,625,416, with a total value of JOD 7,455.48 million in 2020. Substantial growth of 56 per cent was observed in the number of transactions and of 10 per cent in value, compared to 2019. Similarly, the number of services supported by the system increased from 452 in 2019 to 670 services in 2020, belonging to 196 billers in 2019 and 318 billers in 2020.<sup>98</sup> In October 2021, the number of services reached 1,056 belonging to 361 billers, the number of transactions reached 3,246,877, with a total value of JOD 851,601,330, of which 75

<sup>96</sup> The CBJ: Payment System in Jordan, Fifth Annual Report 2020

<sup>97</sup> The Association of Banks in Jordan, Banking Bulletin, June 2020

<sup>98</sup> CBJ Fifth Annual Report 2020



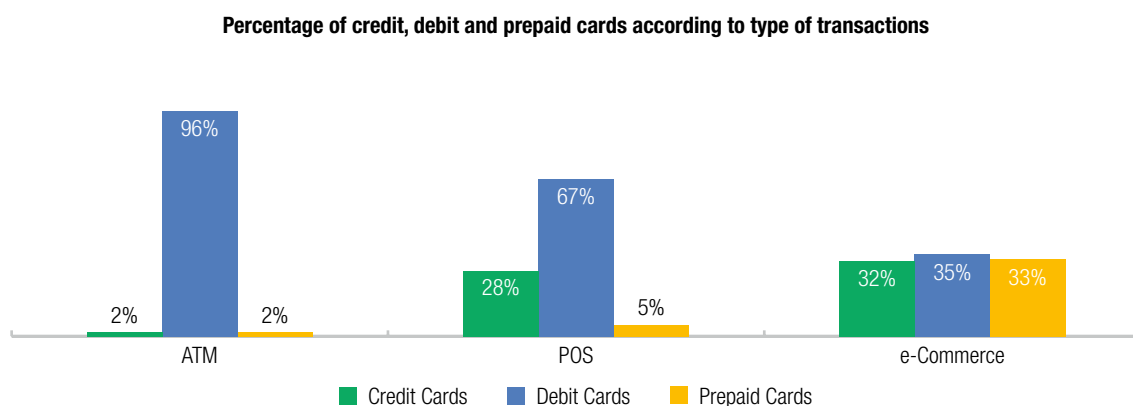
per cent were executed digitally accounting for 76 per cent of the value.<sup>99</sup>

Of the 4,345,849 payment cards issued by banks and e-payment companies, 77 per cent were debit cards, 9 per cent were credit cards, and 14 per cent were prepaid cards. The cards issued by the banks amount to 96 per cent of the overall cards and mark an increase of 5 per cent from 2019. E-payment companies issued a total of 173,243 credit and prepaid cards, 92.5 per cent of which were prepaid cards. Contactless cards are replacing standard cards following the CBJ instructions to banks, preventing issuing any card that does not support contactless technologies.<sup>100</sup>

The number of payment transactions that were carried out using payment cards issued by banks (withdrawal and deposit through ATMs, POS, and e-commerce) increased by 1 per cent in 2020 compared to 2019 to reach 111,752,617 transactions with a total value of JOD 14,206 million (a decrease by 3 per cent from 2019). Of these, 60 per cent were ATM-related transactions, 34 per cent were POS transactions, and only 6 per cent were conducted online (see Figure 21).

Most ATM transactions are made through debit cards, showing consumers' tendency to use cards to manage their accounts rather than their willingness to use it as a payment method. This may also be a result of banks' commissions on cash withdrawals at the counter.

**Figure 21: Credit, debit, and prepaid cards by type of transaction**



Source: UNCTAD based on on CBJ Payment System in Jordan, 5<sup>th</sup> Annual Report 2020

During the COVID-19 pandemic, the CBJ introduced measures that resulted in a significant increase in electronic transactions in 2020. Table 9 below shows the impact of the pandemic on payment card usage through points of sale and e-commerce platforms classified by sectors. The e-commerce sector is the only sector that witnessed continuous increase throughout 2020.

At the same time, prepaid cards are widely used for e-commerce transactions, linked to any bank account and e-Wallet, and used to withdraw money. There

are specific prepaid cards issued by merchants to consumers within certain limits to purchase from a particular point of sale or shop. These cards are not allowed to be recharged and have not been organized by the CBJ yet. Prepaid cards are one of the fastest-growing cards in Jordan, and the reason for the rise in these transactions is the fact that they are not linked directly to the customer's account and the cash value stored in it, which reduces the risk of misuse, hacking, or fraud. The use of debit cards for e-commerce has grown after a few banks allowed the usage of these cards.

<sup>99</sup> JoPACC: [https://www.jopacc.com/ebv4.0/root\\_storage/en/eb\\_list\\_page/efawateercom\\_report\\_-\\_october.pdf](https://www.jopacc.com/ebv4.0/root_storage/en/eb_list_page/efawateercom_report_-_october.pdf)

<sup>100</sup> CBJ Fifth Annual Report 2020





Table 9: Growth in card transactions by sector, 2020 (Comparison with previous quarter)

Sector	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Government</b>	↑ 42%	↑ 15%	↓ 24%	↑ 14%
Communications	↓ 14%	↓ 26%	↑ 20%	↓ 0.2%
Basic Services	↓ 11%	↓ 18%	↑ 39%	↑ 15%
Education	↑ 14%	↓ 63%	↑ 305%	↓ 50%
Commerce	↑ 5%	↓ 40%	↓ 28%	↓ 95%
e-Commerce	↑ 147%	↑ 70%	↑ 19%	↑ 49%
Health	↑ 169%	↓ 15%	↑ 19%	↑ 6%
Tourism	↑ 37%	↓ 87%	↑ 234%	↓ 43%
Gas Stations	↑ 22%	↓ 73%	↑ 48%	↓ 5%
Other	↓ 50%	↓ 37%	↑ 362%	↑ 32%

Source: CBJ: Payment System in Jordan, 5th Annual Report

#### 4.5 Financial and digital financial literacy

Based on the consumer survey conducted during this assessment, 87 per cent of respondents prefer to pay in cash upon delivery. For “in advance” payment, consumers prefer to pay by credit cards (55 per cent), followed by e-Wallets (28.5 per cent) and prepaid cards (14 per cent). This is in line with the results of the private sector survey (Figure 22). Consumers in Jordan do not feel safe paying online and are calling for regulations to protect consumers.

According to e-commerce companies met during consultations, consumers and sellers need more awareness and support to increase their trust in payments online. The e-commerce sector continued to grow in 2020. Despite lifting lockdown restrictions almost completely in the second quarter, the number of transactions continued to increase in the third and fourth quarters, showing a change in consumer behavior, switching to online purchases (Figure 23).

The transactions made by payment cards issued by licensed banks inside Jordan reached 101,408,447, accounting for 91 per cent of total transactions, compared to 100,340,257 transactions in 2019. The number of e-commerce transactions inside the country comprises only 2 per cent of the total, whereas the number of e-commerce transactions outside the country accounts for 46 per cent of total transactions.

As for e-commerce platforms in Jordan, the number of merchants who accept payments via e-commerce platforms was only 599 in 2020. Credit cards, bank transfers, and digital wallets are the most used forms of payment currently offered to local customers, while PayPal, credit cards, and bank transfers are the most used forms of payment among international customers.

While the use of digital payments is increasing, there is still space for improvement. Mobile money providers need to increase the number of active e-Wallets, push up the percentage of online payments, attract new customers and provide new online payment channels for e-commerce to continue expanding. In addition, registration procedures should be easier, and more technical support in registering should be provided, especially to those not familiar with using e-payments. The introduction of more user-friendly applications will increase the use of e-Wallets.

According to stakeholders consulted during national consultations, initiatives like the Digital Bazaar, where e-payment service providers offer an e-commerce platform, or other opportunities for home-based, micro, and small businesses to sell online and use digital payment solutions free of charge, would promote digital payments among small businesses and marginalized groups.



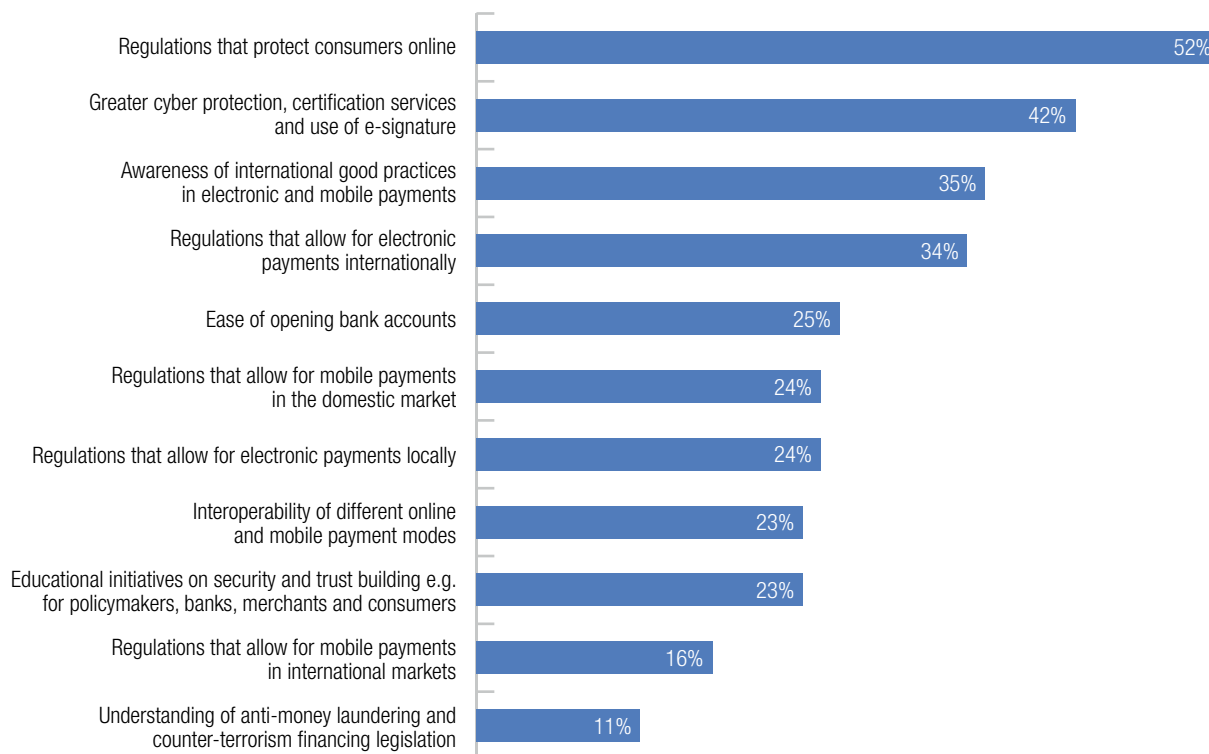
An online survey by the Jordanian National Commission for Women and the International Labour Organization shows that 58 per cent of men and 57 per cent of women could not create e-Wallet financial accounts. The results called for the government and public agencies to increase awareness through explanatory materials educating people on using e-Wallet platforms in a clear and specified manner, including videos, infographics, radio/TV messages, and FAQs. In addition, civil society organizations and workers unions should enhance awareness of the importance of e-Wallets for the private sector, including workers and employers, particularly with the growing use of technology. At the same time, the confidentiality and safety of transactions, which save time and effort, should be emphasized.

While most ATMs, POS, commercial bank branches, and payment service providers agents are located in Amman, an outreach strategy should be adopted to increase e-payments in other governorates gradually.

During national consultations, stakeholders called for the financial system to provide incentives for entrepreneurs, as well as buyers, to promote e-payment and get involved in online trade; formalize and standardize the certification process of mobile money e-commerce in the local market; facilitate the registration of Export SMEs on international payment gateways in cooperation with local banks since only one bank supports the seller's PayPal account in Jordan; and develop and promote blockchain technology to improve digital payments and develop e-commerce, especially B2B.

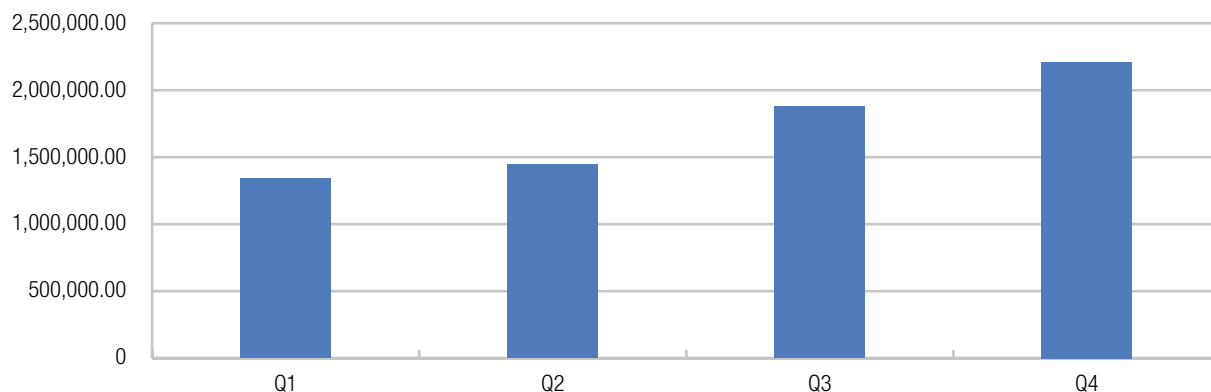
**Figure 22: Most pressing issues to promote e-payment solutions**

**Survey question: In your opinion, what are the three most pressing issues in terms of payment solutions in your country?  
(Public and private sector, 79 responses)**



Source: UNCTAD



**Figure 23: Number of transactions made by payment cards on e-commerce platforms, 2020**

Source: CBJ

#### Box 4: OpenSooq

OpenSooq is considered one of, if not the leading platform for online shopping in Jordan. An online classified marketplace constitutes an advertisement platform that allows consumers to contact sellers directly, but transactions ultimately happen offline. They are a regional player and are present in 19 countries. They have been operating for about 10 years, offering value-added services for sellers to increase their sales. OpenSooq is the number one Arabic classifieds platform in the Middle East, with over two billion monthly page views. OpenSooq connects buyers and sellers in real-time to sell, buy, and hire a service or find a job. Sales through OpenSooq reached US\$ 30 billion in goods in 2020.

One of the main issues the platform faces in Jordan concerns online payments. Most of the value-added services are being paid for in cash; the firm's office in Amman has around 170 employees, of which 65 are working to collect cash from companies and individuals advertising on Opensooq. New customers and first-time shoppers are sometimes skeptical about OpenSooq's existence or legitimacy, accordingly, they travel to Amman from other cities just to make sure their payments are channeled correctly. Consumers do not trust e-commerce and e-payment solutions enough and it might be due to lack of awareness. Meanwhile, facilitating Escrow Payments is complex, and the insurance amount needed to offer this service is high. OpenSooq is willing to cooperate with MITS and chambers of commerce to support Jordanian manufacturers in creating business linkages through OpenSooq especially for payments processing to avoid any scam that may frighten SMEs.

Source: UNCTAD, based on interview with OpenSooq general manager in Jordan



## 5. LEGAL AND REGULATORY FRAMEWORKS

The current legal and regulatory framework in Jordan is inadequate to support the development of e-commerce and to turn the country into a regional e-commerce hub. An Electronic Transactions Law, a Consumer Protection Law, and an Electronic Crime Law have been drafted or promulgated, but they remain inactive, incomplete, insufficiently enforced, and unaligned with regional and international best practices with regard to e-commerce issues. Meanwhile, there is no data and privacy protection law. Multiple changes and adjustments to the fees imposed on imported products cause confusion and lack of trust among traders and investors. While reforms are needed to get the legal and regulatory framework to the level that is required for e-commerce growth and expansion, national capacities should be built to develop and enforce these reforms.

### 5.1 Adoption of e-commerce legislation

Existing e-commerce related laws are currently being reviewed or in the process of being promulgated. In its current state, the legal and regulatory framework in Jordan is inadequate to develop e-commerce as an enabler for economic growth. While some laws such as the Electronic Signature/Electronic Transactions Law, the Consumer Protection Law, and the Cybercrime Law have been drafted, they are incomplete and do not adequately address the unique needs of e-commerce and the evolving digital economy, nor the specific needs of SMEs. Current draft laws for Data Privacy/Protection and the Quality and Consumer Protection Draft Law have shortcomings, and there is a clear need to review them in light of e-commerce and international best practices. There is also a need to review and harmonize e-commerce related legislation taking into account the ones that govern trading partners.

At the same time most private sector companies do not know about existing laws and regulations and think that there is lack of enforcement of laws in

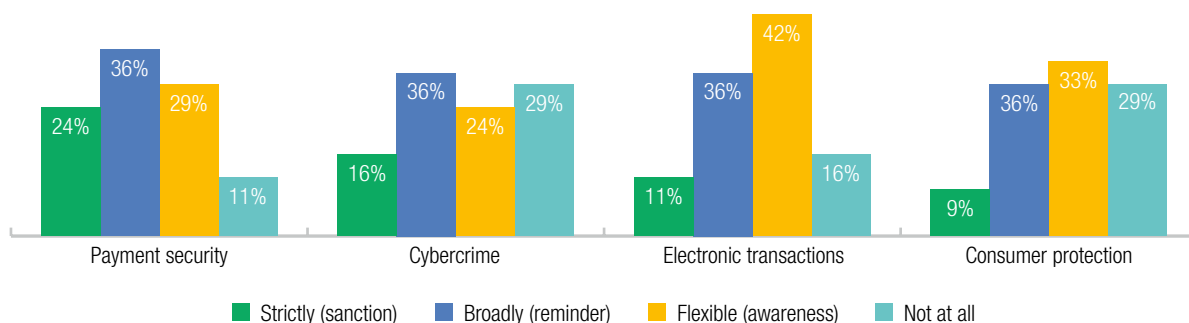
the area of e-commerce. Around 82 per cent of the public and private sector respondents to the survey (69 responses) are not aware of any law related to e-commerce. Private sector companies consider the laws and regulations on payment security more strictly enforced than other laws. Many think that the laws on consumer protection are highly flexible or not enforced at all (Figure 24). Strict enforcement of these laws together with higher awareness of sanctions if violated will provide more trust in e-commerce in the country.

According to the results of the public and private sector surveys, the most pressing issues in terms of legislative and regulatory frameworks are data and privacy, facilitation of customs formalities for trade in the context of e-commerce, and consumer protection online (Figure 25). Therefore, priority should be given to finalizing the data and privacy law, which has been on the table for a very long time, reaching a public private agreement on taxation, customs fees, and procedures for e-commerce, and reviewing the draft of the Quality and Consumer Protection Law of 2020, which is under revision by the Parliament and does not address consumer protection online.



**Figure 24: Law enforcement in Jordan**

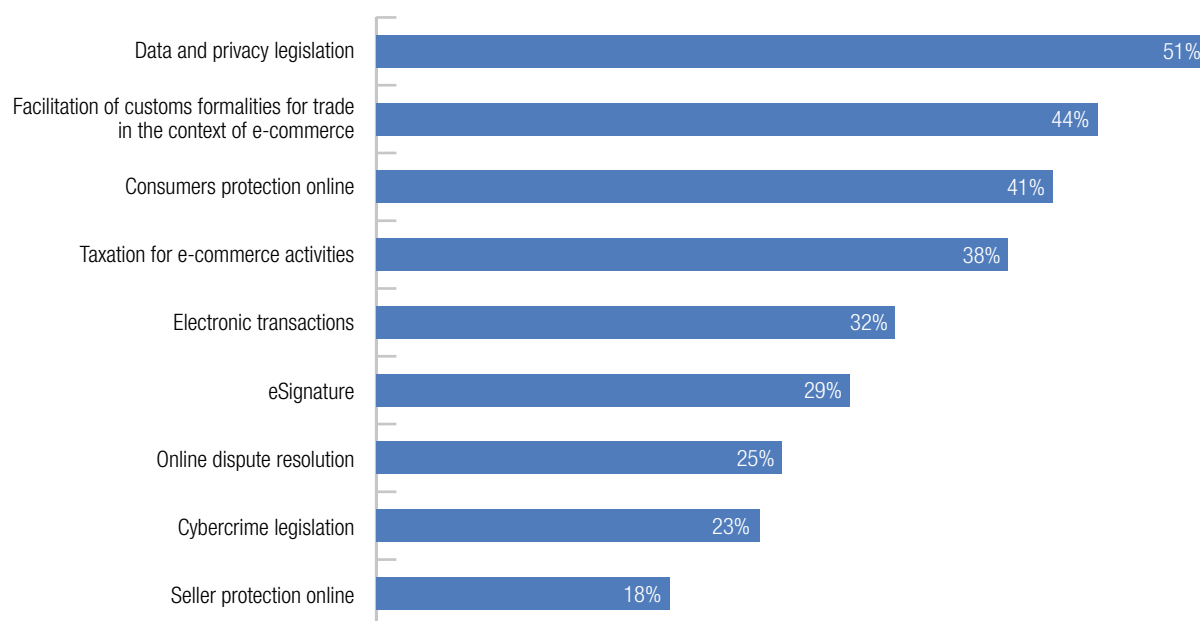
**Survey Question: For each of the following, would you say that the law is enforced strictly (with sanctions), broadly (reminder of the rule), flexibly (awareness) or not at all? (Private sector survey, 45 responses)**



Source: UNCTAD

**Figure 25: Most pressing issues in terms of legislative and regulatory frameworks**

**Survey question: In your opinion, what are the three most pressing issues in terms of legislative and regulatory frameworks to enhance trust in e-commerce? (Public and private sector surveys, 73 responses)**



Source: UNCTAD



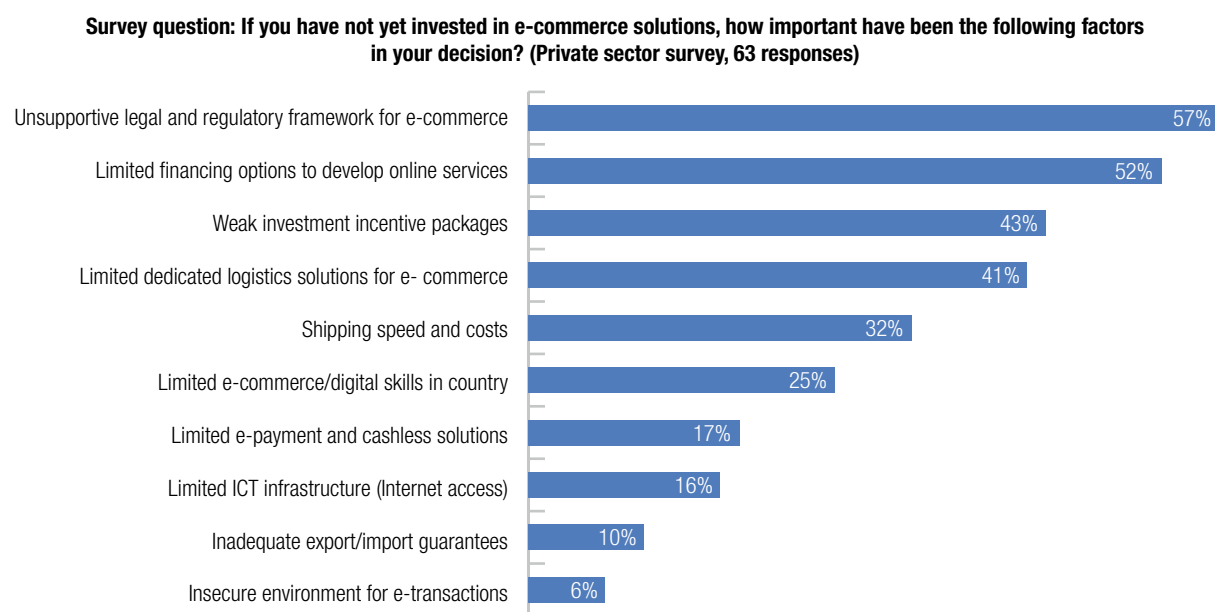
In the consultations held during this assessment, stakeholders suggested reviewing the need for a dedicated law on e-commerce based on Jordan's vision and strategic targets for e-commerce contribution to the country's socioeconomic development, which seems to be a priority in light of the current work of MITS and other stakeholders (including MoDEE, Jordan Food and Drug Administration, Jordan Standards and Metrology Organization, Cybercrime Unit at the Public Security Directorate, JCC, and JCI) on developing an electronic sales bill. Jordan may also need to consider conducting Regulatory Impact Assessments before changing or amending laws, by-laws, and regulations. Continuous amendments on e-commerce legislation/regulations, especially regarding the customs service fees imposed on online purchases, provide high uncertainty to investors in the sector. According to the private sector survey, the unsupportive legal and regulatory framework for e-commerce is considered the major constraining factor affecting investment in e-commerce by companies and private sector stakeholders (Figure 26). While laws and regulations should provide a win-win situation – for the government, consumers, and traders – and create

trust among users, this should be done with a clear vision and unified objectives. The use of sandboxes and technological neutrality in the development of laws has been highly recommended.<sup>101</sup>

Laws and regulations should also facilitate the expansion and registration of e-commerce start-ups. Results from the national consultations indicate that many Jordanian entrepreneurs prefer to establish their businesses abroad where they can find a more enabling ecosystem. For instance, registration of e-commerce businesses was highlighted as a challenge by several stakeholders. According to the Companies Control Department of the MITS, progress has been made on a few needed amendments on rules and regulations, e.g., company registration (see Box 5).

During consultations e-commerce companies also highlighted that limited access to foreign talent, restricted by special permit requirements, is an impediment for e-commerce.<sup>102</sup> To ensure entrepreneurs and e-commerce companies continue to attract the best candidates, entry requirements and procedures for foreign professionals should be reviewed and simplified.

**Figure 26: eTrade Readiness Assessment survey: constraining factors affecting investment in e-commerce.**



Source: UNCTAD

<sup>101</sup> Regulatory sandboxes are isolated testing environments set up by regulators to allow small scale testing of innovations, new technology, new apps, and programs in a controlled environment in order to deploy any new technology in a fast and scalable manner.

<sup>102</sup> According to Jordan's Schedule of Specific Commitments in the WTO Trade in Services Agreement, under mode 4 horizontal commitments, work permits for all categories are granted based on an economic needs test, i.e., to candidates whose qualifications are not available among Jordanians or those who are seeking work in fields where professionals in Jordan are in short supply. Intra-corporate transfers of employees, who are executives, managers, and specialists (as defined above) are presumed to meet the economic needs test requirements.



### Box 5: E-commerce company registration

During consultations, it was highlighted that the registration process for e-commerce requires the approval of the Media Commission (MC), which is a complicated process that takes a lot of time.

According to the Companies Control Department (CCD), the legal framework for registering an e-commerce business in Jordan is identical to that for registering a traditional business, with both processes open to both Jordanians and non-Jordanians. The registration process for e-commerce companies has been developed, using the International Standard Industrial Classification of All Economic Activities (ISIC, Rev.4), which includes specific classifications that can be used by e-commerce companies. E-commerce businesses are classified under activity (479120) (retail sales via Internet), which encompasses retail via digital channels, none of which require any special permits or approvals.

The CCD maintains a legal distinction between commercial entities with an online platform for retail and commercial entities with online platforms used for marketing and advertisement, the latter of which require approval from The Jordanian Media Commission.

As of June 2020, The Jordanian Corporate Control Department fully digitized the registration process of new businesses, as well as other services for business owners, allowing individuals to go through registration without any human intervention, including the payment of registration fees, which range from JOD 70 to JOD 250. Through this process, individuals are guided to select activities that match their prospective businesses, and the digital portal automatically guides users through requirements of specific activities selected. If, for example, a news agency is being registered, the digital portal will automatically direct the user to Media Commission to fill in a request, which is then sent to them for approval.

At this point, this digital portal is not fully active, pending the activation of digital signatures by the MODEE. Individuals who complete the digital process to register their business must go to the CCD to sign for their registered company, where in turn, they receive a username and a password that allow them to process any other requirements digitally.

Source: UNCTAD, based on an interview with the CCD

## 5.2 Status of four key laws as per UNCTAD Cyberlaw tracker

### Electronic Transactions Law

The current legislation is the Electronic Transactions Law No. (15) of 2015, which replaced the Electronic Transaction Law No. (85) of 2001. The provisions of this Law apply to transactions carried out through electronic means and cover electronic signatures. The Electronic Transactions Law does not apply to a range of property, insurance, and judicial transactions among others. The Electronic Transactions Law No. (15) of 2015 is to some extent based on UNCITRAL principles; however, the Electronic Transaction Law No. (85) of 2001 followed UNCITRAL models to a larger extent.

According to the MoDEE, the Electronic Transactions Law is being revised to accommodate all trade or electronic transactions not covered or excluded by the law or governed by other laws. The revision will take into consideration regional and international best

practices and will address electronic signature in a comprehensive manner.

Such a revision appears to be highly necessary. Research conducted in 2017 recommended addressing the definition of an electronic contract, as well as the inclusion of consumer protection aspects in the electronic transactions law.<sup>103</sup> Another study indicated that the law provides for two different ways for verifying e-signatures, which at times creates ambiguity.<sup>104</sup> Both studies concluded that the provisions of the Electronic Transaction Law are not clear, especially on the matters of electronic contracting and electronic signature.

In some instances, technical aspects increase the difficulty of understanding the provisions on e-signatures. For example, the definition of “electronic signature” seems to be tech-neutral, but the definition of “signatory” is tech-specific (refers to certificate and private/public key). This may be related to the desire to provide more guidance on the legal status of electronic signatures than the one provided in the previous law, which was fully tech neutral. As noted

<sup>103</sup> *Global Journal of Politics and Law Research*, Vol.5 No.5, pp.46-62, September 2017, Published by European Centre for Research Training and Development UK ([www.eajournals.org](http://www.eajournals.org)), *The Legal Framework of Electronic Contract in the Jordanian Legislation*, Morad Shnikat (PhD), Ali Alzubi (PhD), Maher Aljaber (PhD) and Ali Alnsoor

<sup>104</sup> *Use of E-Signature in Proof of Contracts Concluded through the Internet in Jordan*, Ahmed Al-Nuemat, Mohammad Al-Thunibat, *Beijing Law Review*, 2016, 7, 357-370, [https://www.scirp.org/pdf/BLR\\_2016122814510596.pdf](https://www.scirp.org/pdf/BLR_2016122814510596.pdf)



above, additional clarification may be needed. It is unclear how article 17, on certain more secure types of e-signatures, should operate.

Articles 18-20 enable the use of transferable documents and instruments in electronic form. Those provisions offer only high-level guidance compared to the detailed provisions of the UNCITRAL Model Law on Electronic Transferable Records. The Electronic Transactions Law also does not address cross-border aspects.

Since SMEs have limited resources and capacity in e-commerce and e-transactions, they would benefit from technology-neutral laws that are easier to comply with. The consideration of the UNCITRAL legislative texts on e-commerce, including the United Nations Convention on the Use of Electronic Communications in International Contracts, could address the needs of Jordanian digital economy operators, especially SMEs. Adoption of internationally accepted standards based on technology neutrality would help promote legal certainty and harmonization as well as technical interoperability.<sup>105</sup>

### Consumer Protection Law

The Consumer Protection Law No. (7) of 2017 is the only framework for the protection of online consumers.<sup>106</sup> Although it makes no reference to e-commerce or privacy/data protection, its provisions on consumers' rights to safe products and information are applicable to digital B2C transactions.<sup>107</sup> According to UNCTAD's World Consumer Protection Map, despite having powers to impose sanctions and/or other measures for breaches of consumer protection law, the Consumer Protection Directorate of the Ministry of Industry, Trade and Supply has not exercised them so far.<sup>108</sup>

On 20 September 2020, the Jordanian Cabinet of Ministers approved a new Quality and Consumer Protection Draft Law of 2020, which will replace the current laws on standards and metrology, competition, and consumer protection.

The draft law is currently being revised by the Parliament, but unfortunately e-commerce aspects of consumer protection have not been addressed within the text.<sup>109</sup> In 2019, the Jordanian Consumer Protection Directorate of the Ministry of Industry, Trade and Supply identified the issues of e-commerce, consumer dispute resolution, misleading advertisements, and consumer product safety as priority areas to be considered in the revised legislation.<sup>110</sup> According to the Jordanian Consumer Protection Directorate, the number of complaints received has increased from 4 in 2017 (8 per cent of total complaints) to 76 in 2020 (14 per cent of total complaints). During the first three quarters of 2021, the number of complaints reached 72, accounting for 14 per cent of total complaints; most of these complaints are related to defective goods and services and misleading advertisements, 44 per cent and 41 per cent of total complaints, respectively.

In revising its Quality and Consumer Protection Draft Law of 2020 in the context of e-commerce, Jordan could consider aligning its legislation with the United Nations Guidelines for Consumer Protection and the relevant OECD Guidelines. This would help encourage harmonization in consumer protection legislation and foster consumer confidence in e-commerce.

### Privacy and Data Protection

In 2018, the government adopted the National Cyber Security Strategy 2018-2023. One of its priorities was to reform the regulatory and legal framework to ensure the balance between security and privacy. A new Cyber Security Law No. (16) was adopted in 2019, only four months after launching work on drafting the law. It provides a platform for the governance of cyber space and a secure environment for the country's digital transformation including e-commerce. The law establishes a National Cyber Security Council and a National Cyber Security Center. As per the law, the National Cyber Security Council was formed to be responsible for the reviewing and endorsing of strategies, plans, and policies related to the cyber security space.

<sup>105</sup> [https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/06-57452\\_ebook.pdf](https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/06-57452_ebook.pdf)

<sup>106</sup> [https://unctad.org/en/PublicationsLibrary/ditccplp2017d4\\_en.pdf](https://unctad.org/en/PublicationsLibrary/ditccplp2017d4_en.pdf)

<sup>107</sup> *Ibid*

<sup>108</sup> See questions 35 and 36, answer by Jordan to the World Consumer Protection Map: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Functadwcpm.org%2Fdocs%2FJOR.pdf&clen=269699&chunk=true>

<sup>109</sup> During consultations the need to contact the Parliament to consider the need to revise the draft law to consider e-commerce was discussed.

<sup>110</sup> Request for technical cooperation from the permanent mission of Jordan to UNCTAD, 26 September 2019





The main objectives of the National Cyber Security Center, the executive body established by the law include overall planning and setting of goals and strategies; establishing national and international cooperation and agreements; and implementing strategies and building capacity to respond to and be proactive in protecting from cyber security threats. The Center's by-laws were formulated, and the head of the center was appointed but it is not yet fully operational, something that should be a priority for the government. Two of the nine members of the National Cyber Security Council are from the private sector. They are supposed to be experienced in the field, nominated by the Council's President, and appointed by the Prime Minister. However, there are no private sector institutions, which would ideally represent a broader array of companies. The addition of such representatives may be considered for the future.

Currently there is no specific data and privacy protection law. Privacy and surveillance regulations include the Telecommunications Law No. (13/1995), which states that "telephone calls and private telecommunications shall be considered confidential matters which may not be violated, under legal liability" (Article 56:4). While it mentions a traditional medium of communication, it has no specific reference to digital platforms.

In 2014, the Jordanian Ministry of Information and Communication Technology (now known as the MoDEE) introduced a draft bill for personal data protection. By the end of 2019, the fourth and final draft of the bill was ready, but it hasn't been adopted so far.

The draft personal data protection bill partially aligns with core aspects of the EU's General Data Protection Regulation (GDPR). The bill still raises concerns regarding the privacy rights of citizens,<sup>111</sup> for example, regarding the lack of independence of the Privacy Commission since, according to the bill, it will be chaired by the minister of ICT.

With no data protection law, many companies operating online are left to handle user data haphazardly. A quick review of websites' privacy policies reveals some

invasive practices. To address this gap, finalizing the draft bill of the Data Privacy/Protection law, which is under consideration, should become a priority. Jordanian authorities could consider the Council of Europe Convention 108 (The Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data) when revising the law.<sup>112</sup>

### Electronic Crime Law

The Electronic Crime Law No. (27) of 2015 was adopted in June 2015, replacing the Law of Information System Crimes, which was adopted by the Jordanian Parliament in August 2010.

In January 2017, the Ministry of Justice proposed amendments to the Electronic Crime Law explicitly addressing "hate speech". Other amendments were also introduced in December 2018, which have not been endorsed following pressure from civil society actors and representatives of political parties, who expressed concern that the draft amendments failed to meet international standards governing freedom of expression online. It is important to highlight that, besides the efforts of Jordanian authorities to combat disinformation and maintain digital order, NGOs have characterized the law as a thinly veiled assault on civic expression and that the text's ambiguous language invites abuse by granting the authorities broad discretionary powers.<sup>113</sup> During a parliamentary session in February 2019, most members voted in favor of the draft amendments.<sup>114</sup> The law does not cover e-commerce and possible abuse in this area. In revising the law, Jordanian authorities could consider the Council of Europe Convention on Cybercrime of 2001.

### 5.3 Taxation and Customs Fees on E-commerce

E-commerce customs legislation has been introduced recently, with new rules and custom service fees imposed on online purchases. There is a perceived regulatory uncertainty among investors in the sector, as a clear result of the continuous amendments on e-commerce legislation/regulations regarding the customs service fees imposed on online purchases (see Box 6).

<sup>111</sup> Based on an article by Raya Sharbain of the Jordan Open Source Association (JOSA), *Data protection policy void threatens privacy rights of citizens and refugees in Jordan*, <https://advox.globalvoices.org/2019/12/30/data-protection-policy-void-threatens-privacy-rights-of-citizens-and-refugees-in-jordan/>

<sup>112</sup> <https://rm.coe.int/convention-108-convention-for-the-protection-of-individuals-with-regar/16808b36f1>

<sup>113</sup> <https://www.menarights.org/en/articles/latest-cybercrime-law-amendments-once-again-risk-curbing-free-speech-jordan>

<sup>114</sup> <https://advox.globalvoices.org/2019/12/30/data-protection-policy-void-threatens-privacy-rights-of-citizens-and-refugees-in-jordan/>



### Box 6: Taxation and customs fees on e-commerce

The Jordanian government policy to regulate e-commerce imports has been changed several times during the past few years. Cabinet Decision No. (13924), dated February 16, 2016, which included exempting postal parcels and electronic sales from customs duties, was cancelled, and replaced by Cabinet Decision No. (5861), dated August 15, 2019, imposing an allowance for customs services, and determining annual ceilings for this trade. The Cabinet's decision on regulating e-commerce was for certain categories of goods: namely "apparel and clothing, shoes, children's toys and food items". According to the Jordanian Customs, the government had responded to the demands of the commercial sector, which included taking practical measures to protect Jordanian merchants, sellers, and producers from consumers' reluctance to buy goods from local merchants and their desire to buy through electronic platforms, which resulted in big losses to the commercial sector. In addition, on August 22, 2019, the Customs Department launched an electronic platform dedicated to citizens and residents as a documentary database to regulate the e-commerce process.

As per this regulation, shipments valued under JOD 50 will be subject to pay JOD 5 customs service fees, and those valued between JOD 51 and JOD 100 will be subject to pay JOD 10. No declaration will result in paying JOD 15. Moreover, for these fees to apply, one given consumer (or account) must not exceed a total of JOD 500 per year, whereas previously, it was JOD 2,400. As for the merchandise whose value exceeds JOD 100 but remains under JOD 1,000, a customs declaration for travelers' luggage is organized, and the fees and taxes prescribed by the legislation in force shall be collected. According to the decision, goods whose value exceeds JOD 1,000 shall be regulated by a formal customs declaration, and the fees and taxes determined according to the legislation in force shall be collected from them.

Later, the Customs Department, based on complaints from the private sector, cancelled the procedure for declaring shipments through the electronic platform (Decision No. (6159) of 28/8/2019), and issued Notice No. (52/2019), dated December 16, 2019, which includes terms, conditions, and procedures to clarify and organize the implementation of the decision.

According to a decision announced on March 3, 2021 by the Minister of Finance, the ceiling of a customs duty exemption on items and goods bought online from outside the Kingdom and intended for personal use has been doubled and only a fixed 10 per cent fee<sup>1</sup> is now imposed, with a minimum of JOD 5 required on each parcel, provided that the value of each package does not exceed JOD 200. This decision applies to all online foreign purchases intended for personal use, excluding tobacco and its products, including cigarettes, cigars, electronic cigarettes, their supplies and components, alcoholic beverages, and goods received in commercial quantities.

According to the MoF, the amendment aims to facilitate e-commerce, support the logistics sector and e-traders, and speed up clearance procedures. The MoF is undertaking a comprehensive review of the customs system to achieve the desired goal of facilitating doing business to serve the national economy.<sup>2</sup>

The private sector is divided regarding this decision. While local industries support such decisions, traditional brick and mortar stores selling imported products think that this decision has not been consulted with them since they would prefer to continue receiving the exemptions provided to e-commerce since 2011 rather than applying new taxes or fees on e-commerce. According to the MITS, there are demands from chambers of commerce to increase the amounts imposed on e-commerce shipments.

Source: UNCTAD, based on consultations and releases by the MoF

<sup>1</sup> According to MoF the 10% fee is a unified fee that replaces all customs and tax fees including the sales tax fee.

<sup>2</sup> [https://mof.gov.jo/En/NewsDetails/Tax\\_on\\_foreign\\_online\\_purchases\\_reduced\\_standardized](https://mof.gov.jo/En/NewsDetails/Tax_on_foreign_online_purchases_reduced_standardized)

Stakeholders think that laws and regulations should provide a win-win situation – for the government, consumers, and traders.

According to the Jordanian Customs, the expenses incurred by the government in the management and collection of customs fees on e-commerce parcels exceed the revenues collected. During national consultations, customs representatives indicated that the government should lead a frank discussion on the cost and benefit of e-commerce taxation given that the estimated revenues are not covering the cost of

150 customs officials and many other employees from the Jordan Food and Drug Administration (JFDA), and the Jordan Standards and Metrology Organization (JSMO), while it could provide around 40,000 job opportunities.

At the same time, according to one of the leading companies in Jordan, the government's decision to regulate e-commerce may weaken the sector in Jordan, even though it is witnessing growth. The government's decision will entail several challenges, jeopardizing potential local and foreign investment



opportunities in e-commerce companies in Jordan, and leading to a possible increase in unemployment.

This is an example of a situation where a Regulatory Impact Assessment could be beneficial, taking into consideration the lack of reliable data on the sector. The MoDEE, the MITS, the MoP (the Department of Statistics), and the Customs could also launch a cooperation mechanism to ensure collecting and disseminating reliable information on e-commerce in Jordan.

Regarding taxation, the system should be designed to support exports. Obtaining tax exemption or making a settlement and refunding for the VAT should be made easier, especially for small traders or manufacturers who wish to conduct online business and for small orders.

#### 5.4 Other related laws, acts, regulations

In terms of other relevant laws and policies, the General Policy for the Telecommunications, Information Technology and Postal Sectors 2018 is intended to seize the opportunities of digitalization with the primary goal of developing a digital economy leading to renewed economic development and increased income and wealth for individual Jordanians. It shows the government's interest in exploiting existing and emerging digital technologies including but not limited to artificial intelligence (AI), blockchain, and the Internet of Things (IoT), provided by the telecommunications, information technology, and postal sectors for economic and social development.<sup>115</sup>

In this regard, the government has developed many policies including: the Jordan Artificial Intelligence Policy 2020<sup>116</sup>, through which the government recognizes the leading role of AI in the development of a sustainable digital-led economy; the Cloud Platforms and Services Policy 2020, which was approved in accordance with Cabinet Resolution No. (9952) on August 6, 2020; the Instructions for Safe Use of the Internet, including instructions for e-commerce service providers and consumers online<sup>117</sup>; the Open Application Programming Interfaces (APIs) Policy 2020, through which the government aspires to achieve more transparency through sharing data and information, enhance public private partnership, increase the private sector's role in the design and development of government services, and enable interoperability across all government applications, data, systems and services, in addition to achieving quick and transparent integration between them to enhance the process of transformation towards digital economy in the Kingdom; and the Open Government Data Policy of 2017.

Overall, stakeholders consulted in preparation of this assessment raised a number of issues that should guide the legal gap in the e-commerce ecosystem. Existing e-commerce related laws need to be updated based on regional and international best practices and models for creating an e-commerce enabling environment. A special law on startups and a dedicated law on e-commerce were proposed during consultations and can be further explored to promote innovation in and expansion of the e-commerce sector.

### Box 7: Invoicing an importer

For a Jordanian SME to be able to invoice an importer without Jordanian VAT (Sales Tax), the SME must go to the chamber of commerce or industry to obtain a certificate of origin. Sometimes this process requires additional papers to prove the source of origin. This is a counterproductive process for online sales and e-exports because it adds a costly (in terms of time and money) step just to be able to sell abroad without Jordanian VAT. As a result, many local businesses charge Jordanian VAT even on small export sales, which makes their prices 18 per cent more expensive for foreign buyers because they do not want to go through the local VAT exemption paperwork.

Source: UNCTAD, based on consultations and releases by the MoF

<sup>115</sup> General Policy for the Telecommunications, Information Technology and Postal Sectors 2018, [https://www.trc.gov.jo/EchoBusV3.0/SystemAssets/About%20TRC/014da924-b808-4372-b2a9-61a49d19e5eb\\_ICTP\\_Policy\\_2018.pdf](https://www.trc.gov.jo/EchoBusV3.0/SystemAssets/About%20TRC/014da924-b808-4372-b2a9-61a49d19e5eb_ICTP_Policy_2018.pdf)

<sup>116</sup> [https://www.modee.gov.jo/ebv4.0/root\\_storage/en/eb\\_list\\_page/ai\\_final\\_-\\_english\\_version.pdf](https://www.modee.gov.jo/ebv4.0/root_storage/en/eb_list_page/ai_final_-_english_version.pdf)

<sup>117</sup> [https://www.modee.gov.jo/ebv4.0/root\\_storage/en/eb\\_list\\_page/internet\\_afety\\_uidelines.pdf](https://www.modee.gov.jo/ebv4.0/root_storage/en/eb_list_page/internet_afety_uidelines.pdf)



## 6. E-COMMERCE SKILLS DEVELOPMENT

While Jordan boasts a young, tech-savvy population, there is a significant mismatch between the labor force's skills, particularly of recent university graduates, and the digital economy's needs and expectations. Policies should favor the requalification of the workforce, particularly the youth, untrained or unemployed, to allow them to adapt to current and future labor market trends driven by technological change. Local and international development partners have prepared and implemented numerous capacity-building initiatives and programmes, but their impact has not been achieved fully. Sometimes this is due to the lack of awareness among SMEs and employees about such programmes, or because of insufficient local coordination in digital skills initiatives. A number of steps can be taken to improve the efficiency of existing initiatives and close the gap, including enhancing local aid coordination in the digital sector, improving capacity of incubators and professional service providers, and improving the quality of technical support for entrepreneurs.

### 6.1 Identification of skill gaps

Jordan has a young and generally tech-savvy nation with many regional and international ICT companies seeking skilled labor that is located in the market. But university graduates' skills and talents need to take into consideration the rapid changes in digital technology, market trends, and business models. These constantly evolving elements contribute to the mismatch between existing skills and private sector needs.

Other negative factors regarding skills are the lack of employment or training occupation of youth. More than one-third of the population – 36 per cent – is below the age of 30 years, but close to one-third of young people (below 30 years) are neither employed nor in education or training. The rate among young women is triple that among young men: 43.8 per cent and 14.5 per cent, respectively. At the same time, the employment growth in sectors desired by educated young Jordanians like financial services and ICT is relatively low.<sup>118</sup>

The Human Capital Index (HCI) value in Jordan has reflected this trend, dropping by 22 per cent between 2010 and 2020. Currently, Jordan ranks below the world, regional, and sub-regional average, although it ranked higher than the world and region average in 2010.

The literacy rate among the population 15 years and older remains high, at 98.2 per cent in 2018: 97.8 per cent for women and 98.6 per cent for men. For the population aged 15-24 years, the literacy rate reaches 99.3 per cent: 99.5 per cent for women and 99.2 per cent for men.

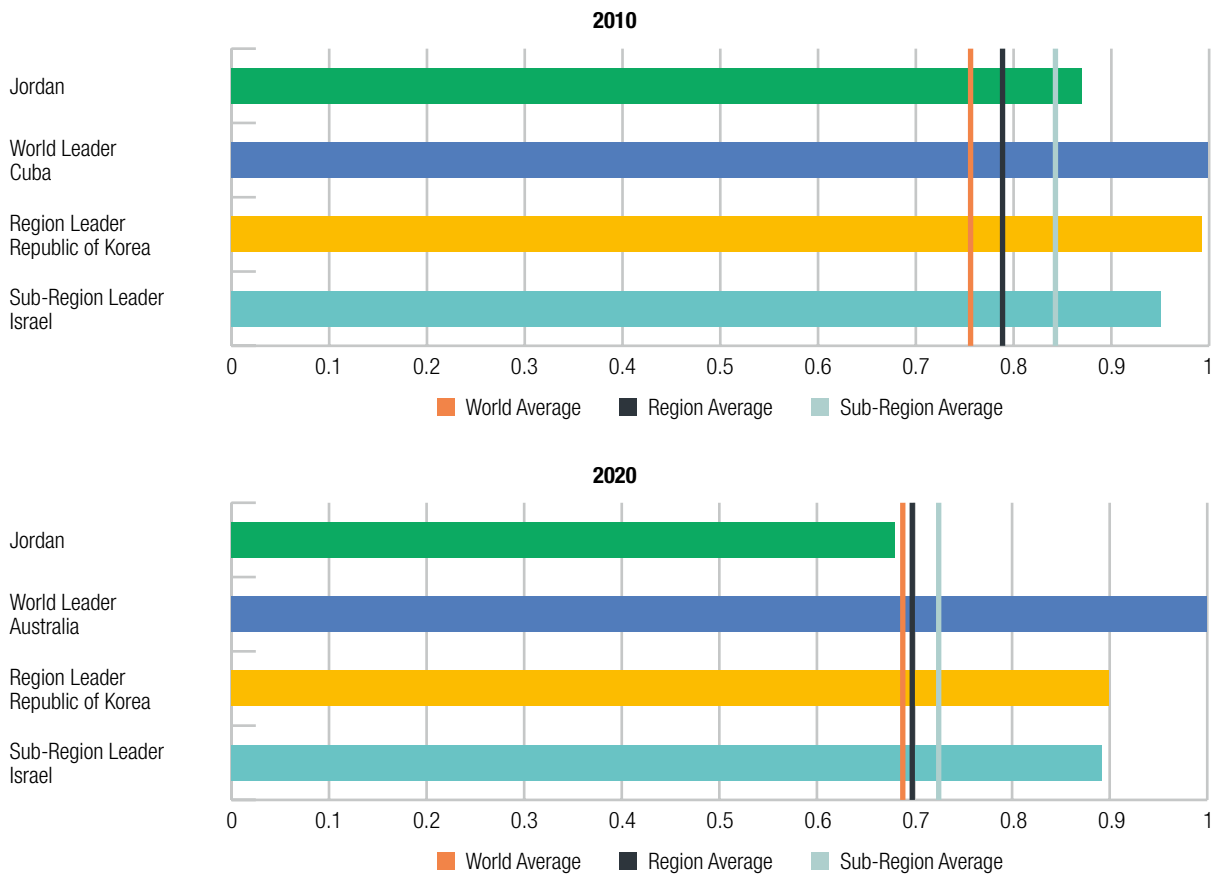
However, the gross enrollment ratio in tertiary education has dropped during the last five years, currently standing at 33.1 per cent. The female enrollment ratio is higher than the male: 35.8 per cent and 30.4 per cent, respectively.<sup>119</sup>

<sup>118</sup> 2018 Jordan Youth Well-Being Policy Review: [http://www.oecd.org/dev/inclusivesocietiesanddevelopment/Youth\\_well\\_being\\_policy\\_review\\_Jordan.pdf](http://www.oecd.org/dev/inclusivesocietiesanddevelopment/Youth_well_being_policy_review_Jordan.pdf)

<sup>119</sup> UNESCO, <http://uis.unesco.org/en/country/jo>



**Figure 27: Human Capital Index, 2010 and 2020**



Human Capital Index	2020	2018	2016	2014	2012	2010	2008	2005	2004	2003
Jordan (Value)	0.68000	0.73870	0.73442	0.72020	0.80133	0.86940	0.86770	0.86000	0.86000	0.78000

Source: The World Bank<sup>120</sup>

<sup>120</sup> <https://data.worldbank.org/indicator/HD.HCI.OVRL?end=2020&locations=JO&start=2020&view=map>



## Capacity of SMEs

The MSMEs ecosystem in Jordan is still at an early stage of adopting e-commerce as a tool to open to new markets, develop trade/export, and increase business potential.

The barriers and challenges for Jordanian MSMEs to engage in e-commerce activities include:

- Limited business planning
- Lack of motivation and aspiration to develop successful business models
- Lack of knowledge and education on how to evaluate business opportunities
- Existence of cultural barriers toward adopting and deploying technology in business
- Weak corporate governance and the absence of defined business responsibilities
- Fear of exploring or dealing with foreign markets and the perception that Jordanian products cannot compete in these markets
- Lack of trust to conduct online business
- The operational-focused structure of most SMEs in Jordan and lack of market orientation
- The unwillingness of most business owners to adopt technology in their business
- The perception of business owners that e-commerce lacks value and that investment in technology or e-commerce comes at a high cost
- Lack of perception of the importance of marketing to conduct e-commerce activities
- Lack of B2B integration since personal interaction is still considered dominant in the business culture
- Weak competitiveness in terms of delivery efficiency

The growth of entrepreneurship has been limited, with one of the main challenges being the need for higher technical capacities across all e-commerce businesses, trade support institutions, incubators, and accelerators.

## 6.2 Support to ICT and development of e-commerce skills

In general, SMEs have limited access to information about existing development projects. As many as 87 per cent of respondents to the private sector survey (40 respondents) were not aware of any development projects implemented by the government or development partners in e-commerce.

In the past, the MITS, in cooperation with the Jordan Chamber of Industry, designed a particular project that targeted identifying the needs of the industrial institutions and creating linkages to development programmes deployed by development partners.<sup>121</sup> The initiative aimed to develop the capacity of the industrial sector and strengthen the competitiveness of its product in local and international markets. Such initiatives to develop links should be favored in e-commerce, to encourage stakeholders to address SMEs' e-commerce capacity-building as a strategic approach and as part of key interventions in all projects targeting SMEs' development.

A local aid coordination mechanism between development partners and national stakeholders in e-commerce would contribute to achieving the national e-commerce objectives. The MITS could establish a working group to bring together all development partners interested in pushing the e-commerce and digital economy agenda forward.

The low rate of e-commerce adaptation among Jordanian SMEs could be improved by promoting engagement in e-commerce through third-party e-marketplaces. Investing at the national level in building a national e-commerce marketplace that could serve as an incubator for local SMEs e-commerce activities would provide a learning curve in online sales within a short period. In parallel, awareness and capacity-building programmes should be implemented to develop profitable e-commerce business models, including business governance, marketing, communication, negotiation, and managing and retaining a customer base. Since many export companies seek clustering initiatives to establish hubs in priority strategic markets, these could be an effective tool to integrate traditional export and e-commerce exports.

<sup>121</sup> Linkage Project Between Aid Programmes and Industrial Sector



According to the private sector survey, 85 per cent of respondents (40 respondents) indicated that the pandemic impacted their businesses. Also, 58.5 per cent indicated a decrease in sales, 26.8 per cent indicated an increase, while 14.6 per cent observed no change. The design of interventions should take into consideration the impact of the COVID-19 pandemic on businesses and e-commerce trends in different sectors. The design should be informed by lessons learned from both companies whose sales went up, as well as those whose sales went down or remained at the same level.

In general, the Jordanian public sector has the skills and knowledge to enable e-commerce, and key ministries are implementing strategic projects. However, only limited number of public servants have proper knowledge of the issues related to e-commerce and the digital economy. Entrepreneurs thus prefer to turn to players other than the government when developing their e-business (Figure 28).

The Technical and Vocational Skills Development Commission (TVSDC) was established in 2019 to promote TVET as an opportunity for learning from

an early age to ensure a decent living, improve TVET quality, encourage all forms of learning and skills development, and address the mismatch between the educational system and the labor market. The TVSDC is supervised by a board of directors headed by the Minister of Labour.

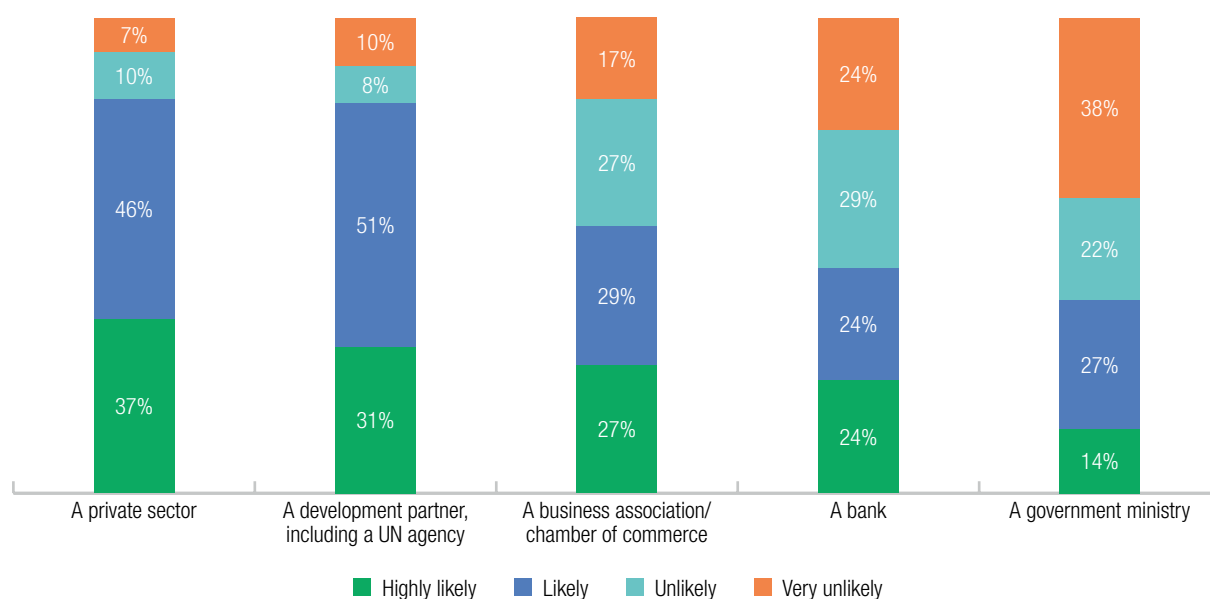
The Commission established nine Sectoral Skills Councils, including the Skills Council for the Communications and Information Technology Sector.

Furthermore, the Digital Skills Association (DigiSkills) was established in 2021 to support the Skills Council for the Communications and Information Technology Sector in achieving its objective.<sup>122</sup> The MoDEE is assigned as the relevant technical ministry. It aims at developing public-private partnerships and dialogue to enhance technical and vocational labor skills and provide bridges between employers and learning institutions to reduce the gap between supply and demand in the labor market.

The Skills Council for the Communications and Information Technology Sector through Digiskills should be represented in the ENTF. Coordination with

**Figure 28: Needs and opportunities for e-commerce development in Jordan**

**Survey question: In case you need technical assistance to start developing e-commerce solutions, how likely are you to turn to: (42 respondents are likely to turn to the private sector)**



Source: UNCTAD

<sup>122</sup> <https://tvscd.gov.jo/en/about-the-tvscd/>



MITS and the MoDEE should also be strengthened by ensuring both ministries' inclusion in the Council. DigiSkills should also attain higher coordination and integration with universities, incubators, and development programmes to ensure faster adaptation of university curriculum to the rapid change in the digital sector, more targeted development programmes, and higher quality technical support.

Stronger coordination is needed in strategic projects like the YTJ that are deployed to address the skills mismatch. Within the next four years, the YTJ project could be a complementary tool to the eT Ready Action Plan, to identify and implement the key priority actions geared towards closing the skills mismatch in Jordan.

### Box 8: The Youth, Technology, & Jobs Project (YTJ)

The YTJ aims to motivate private sector-led growth of the digital sector by improving the quality of digital skills and supporting the digitization of government services in order to create demand for digital services and jobs. This five-year project funded by the World Bank with a budget of US \$200 million and implemented by the MODEE aims to create 10,000 new jobs for the youth, including women (30%) and Syrian refugees active in the areas of digital freelance work (15%). It also aims to digitize more than 80 per cent of government payment transactions and attract about US \$20 million in new investments from the private sector for digital services.

Moreover, the project will develop the skills of 15,000 youth and women through DigiSkills association, provide a curriculum for digital skills in public schools from grades seven to twelve, and provide working spaces in underserved communities through Tech Hubs.

The second component of the YTJ involves boosting the growth of the digital economy and digital government services in Jordan to enable job and income creation opportunities by: improving access to global markets and investment opportunities for digital firms and entrepreneurs; supporting inclusive job opportunity creation through digital platforms and the gig economy by facilitating access to women, youth, and under-served communities; supporting activities designed to improve access to and the quality of selected e-government services; and improving the quality and cost efficiency of services, including digital government payments.

GrowJo (Market Expansion) is one of the main programmes designed to implement the YTJ, aiming to build linkages between Jordanian digital firms and potential buyers in regional/global markets. International digital firms are willing to expand to Jordan and hire Jordanians also 'should be' or 'are' eligible for this grant opportunity. GrowJo provides matching grants of up to US \$100,000 to cover up to 50 per cent of the cost of business development plans.

DigiSkills, with the support of the YTJ, will conduct an assessment of the skills mismatch to inform the design of priority interventions. This assessment will be done in the local, regional, and international markets to explore outsourcing opportunities and will inform the design of DigiSkills' development plan.

The YTJ Steering Committee includes the MoDEE, the Ministry of Planning and International Cooperation, the Ministry of Higher Education and Scientific Research, the Ministry of Education, and the Ministry of Labor. Strategic partners like MITS, JEDCO, and int@j are not part of the Steering Committee.

*Source: UNCTAD, based on an interview with YTJ project, and MODEE*

### National awareness raising campaigns should target consumers at all levels of society

Significant sensitization efforts are required to increase awareness about e-commerce among all citizens. Awareness among the public sector in general is highly required, including policymakers, lawmakers, judges, and lawyers. According to the e-commerce survey for consumers, 56 per cent of respondents (1,270 responses) feel they need Internet awareness.

The in-country consultations and survey results show that creating awareness of e-commerce is a priority in order to move the digital agenda forward (Figure 29).

### 6.3 Availability of tertiary education/curriculum, professional training

Jordan has set a regional example in modernizing and developing its educational system.<sup>123</sup> Multiple public-private initiatives have been launched to ensure that the outputs of the educational system meet the evolving demands of the global economy and that

<sup>123</sup> [https://www.modee.gov.jo/En/Pages/ICT\\_Investments](https://www.modee.gov.jo/En/Pages/ICT_Investments)





students are equipped with the tools to compete and excel in the marketplace.

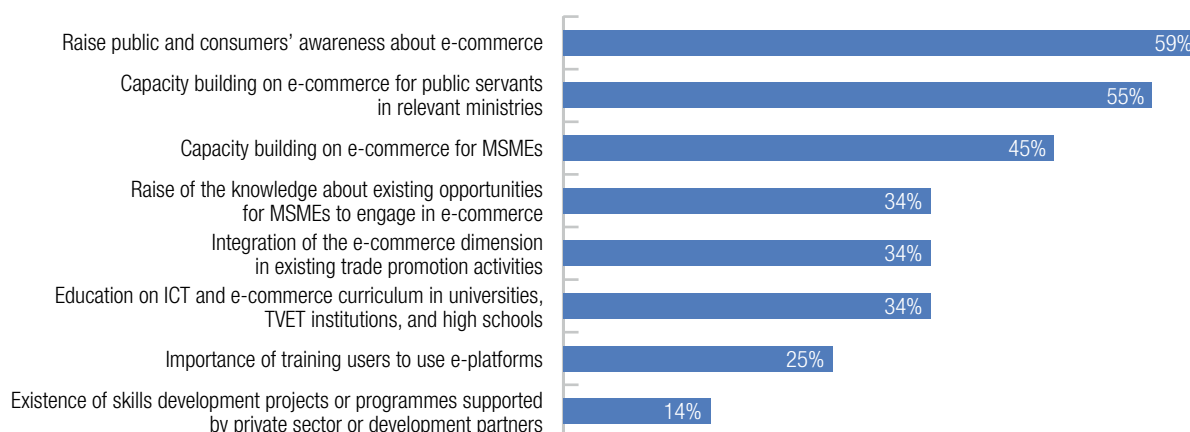
The country has 34 private and public universities, all of which are bilingual. On average, there are 4,300 ICT graduates annually, 95 per cent of whom obtain a bachelor's degree, 3 per cent a master's degree, and 2 per cent a diploma degree. As many as 51 per cent of ICT graduates are females. In 2018, 31 per cent of the ICT university graduates specialized in Computer Science; 19 per cent in Computer Information Systems; 17 per cent in Software Engineering; 13 per cent in Computer Engineering; 9 per cent in Telecommunications Engineering; 4 per cent in Network Security Engineering; 2 per cent in Commuter Networks 2 per cent; and 5 per cent in other related specializations.<sup>124</sup>

Jordanian university graduates speak both Arabic and English at native proficiency. Jordan contributes 75 per cent of the Arabic content on the Internet.<sup>125</sup> Jordan has excellent experience in business process outsourcing, where the companies in Jordan serve the Gulf and other countries, and when it comes to call centers, the Jordanian accent is preferred.

E-commerce university programmes started in 2009 at Petra University and other universities like Philadelphia University and Al Ahliyyah University. Around 500 students are currently enrolled in e-commerce programmes. There is a high and increasing demand for e-commerce programmes in the country.<sup>126</sup> In 2021, Jordanian universities introduced new e-commerce and tech-based programmes, including cyber security, AI, IoT, application development, fintech, and digital marketing. Despite these efforts on education however, according to the feedback received from stakeholders during the national consultation, university graduates' skills and talents are still far below the expectations and demands of the private sector. While the digital market is evolving fast, there is a gap between the curricula in Jordanian universities and the market needs. While university curriculum could be changed, academics who were present during the national consultations signaled that access to private sector needs and aspirations is difficult, indicating weak coordination and insufficient linkages established between the two sides.

**Figure 29: E-commerce skills and capacity-building needs**

**Survey question: In your opinion, what are the three most pressing issues in terms of e-commerce skills development in your country? (Private sector survey, 44 responses)**



Source: UNCTAD

<sup>124</sup> MODEE, [https://www.modee.gov.jo/EN/Pages/Digital\\_Skills\\_\\_Entrepreneurship](https://www.modee.gov.jo/EN/Pages/Digital_Skills__Entrepreneurship)

<sup>125</sup> Source: Country Commercial Guide for US Companies

<sup>126</sup> <http://alrai.com/article/10499111> 25.8.2019



#### **6.4 Start-up and business development support landscape with focus on e-commerce**

One potential means to bridging the gap between existing skills and private sector needs and expectation is the better coordination of programmes for developing the digital agenda (both by the public sector and by development partners).

Many government initiatives focus on accelerating Jordan's transition into a digital economy and integrating technology into public schools by equipping teachers and students with IT and digital skills. Among these are the Industrial Scientific Research and Development Support Fund as well as the Higher Council for Science and Technology, which supports and encourages Jordanian industries to invest in science and technology. The objective is to create favorable opportunities for universities, scientific research centers, companies, and consulting offices to link their activities and bridge the gap between research institutions, scientific research centers, and industry and bring them closer together. The Business Development Center has also deployed initiatives like Maharat and SANAD to enhance Jordanian university graduates' potential to initiate or improve small businesses or other entrepreneurial activities. In particular, SANAD introduces entrepreneurship at all educational levels. It launched the Know About Business programme in 20 pilot schools to develop entrepreneurial skills among youth and fill the important pre-start gap by preparing students and trainees to work productively in SMEs and establish their businesses in the future. To enhance the skills of universities graduates, the government also supported the training of 500 graduates in 2019 in a three-month bootcamp focusing on the technical, soft, and English language skills required by the market.

Incubators, accelerators, TSIs, and development partners can also enhance startups' capacity and design, introduce entrepreneurial training, support developing a relevant business model, and provide the needed expertise at the early stages of business creation. In order to establish and grow successful startups, managerial and entrepreneurial skills are equally important. Internship programmes could also be used as an initial capacity-building step for entrepreneurs before establishing their own business.

There are some national bodies and development partners that provide capacity-building programmes

for entrepreneurs and SMEs in Jordan and programmes for developing the skills needed for digital transformation and innovation (see Table 10 and Table 11). Many programmes focus on export development, while only a few focus on e-commerce. The value added of these programmes depends on the level of integration and coordination among stakeholders.

During the period 2019-2020, JEDCO launched 17 different programmes aimed to support more than 350 enterprises. Specialized programmes were provided to assist high export-ready industrial SMEs and SMEs with an export potential of high value-added exports for the first time. JEDCO also deployed a programme to support 40 industrial companies to engage in e-commerce or remote working via two services: 1) helping local industrial companies in the process of promoting and selling online locally and internationally through developing companies' capacity to set up an online business or be part of third-party e-marketplaces and 2) supporting the automation of activities and operations to enable them to work remotely. Non-refundable financial grants for JOD 7,000 were provided. Building on this experience, Jordan should design similar projects with a broader scope and higher investment support.

Moreover, JEDCO provided programmes to cover shipping costs for SMEs operating in priority industrial sectors exporting to non-traditional markets. Similar interventions and support to local manufacturers who aspire to sell online would encourage Jordanian companies to adopt online solutions faster, assist in the penetration of their products into specific strategic markets, and provide international customers with the chance to try Jordanian products. Such interventions should be accompanied by capacity-building activities that strengthen companies' competitiveness by lowering their transactions costs.

Regarding capacity-building for the private sector, the MoDEE's Graduates Internship Programme (GIP) could function as a practical example. The Programme provided incentives and government support of 50 per cent for recruiting graduates as trainees in the private sector.

Meanwhile, the EU, Konrad Adenauer Stiftung, and MEPI support The Queen Rania Center for Entrepreneurship (QRCE), a non-profit organization established in 2004 to help develop Technology Entrepreneurship in Jordan. The Belgian Cooperation



with Jordan (Enabel) is bringing to Jordan its expertise in the TVET sector by implementing the Developing Skills for Employability of Syrian Refugees and Vulnerable Youth in Jordan. USAID helped the Government of Jordan introduce reforms that led to improvement in its doing business environment and

building the capacity of private sector companies and labor. USAID, the EU, the European Bank for Reconstruction and Development, Konrad Adenauer Stiftung, and MEPI support many Jordanian centers and incubators supporting entrepreneurs like OASIS500 and the QRCE.

**Table 10: Mapped initiatives and programmes implemented by UN entities and other development programmes related to e-commerce and digital economy**

Partner	Mapped initiative or program
<b>UNHCR</b>	<ul style="list-style-type: none"> <li>- Common cash facility to deliver cash assistance to the most vulnerable refugee and Jordanian households through bank accounts or mobile wallets</li> <li>- Sales: Refugee-made products being sold online</li> </ul>
<b>UN Women</b>	<ul style="list-style-type: none"> <li>- The Mobile gamification platform WeRise</li> <li>- UN Women's foray into blockchain (UN Women partnered with the World Food Programme (WFP) to pilot test the use of blockchain technology to transfer salaries to women enrolled in Oases cash-for-work programmes)</li> </ul>
<b>ILO</b>	<ul style="list-style-type: none"> <li>- Transferring workers' wages in the garment sector digitally</li> <li>- Supporting the Ministry of Labor in upgrading the e-inspection system</li> <li>- Promoting digital payments for wages to achieve gender equity</li> <li>- Developing a Digital Employment Readiness Portal (Mehnat)</li> </ul>
<b>UNESCO</b>	<ul style="list-style-type: none"> <li>- Supporting the Ministry of Education in developing Education Management Information Systems (EMISs) as a necessary tool for e-learning</li> <li>- TVET curriculum content, learning, and teaching have been adapted to provide full online or blended learning</li> <li>- E-learning capacity development training programme</li> </ul>
<b>UNIDO</b>	<ul style="list-style-type: none"> <li>- Job Creation for Youth and Women through the improvement of business environment and SMEs competitiveness</li> </ul>
<b>UNDP</b>	<ul style="list-style-type: none"> <li>- Heart of Amman II Programme: Inclusive digital livelihoods, start-ups, and tech-enabled social enterprises supported by entrepreneurship hubs and incubators</li> <li>- Heart of Amman I Programme: E-commerce startups cohort network, with 5 of the 29 start-ups being specialized in e-commerce and e-delivery services</li> </ul>
<b>WB</b>	<ul style="list-style-type: none"> <li>- WB program: Youth, Technology, &amp; Jobs Project (US \$200 million)</li> </ul>
<b>EU</b>	<ul style="list-style-type: none"> <li>- Innovate Jordan programme, with a budget of EUR 20 million</li> <li>- Innovation Space: A one-stop-shop for digital innovation and entrepreneurship support</li> <li>- The Jordanian Action for the Development of Enterprises (JADE): A 3-year project based in Amman and planning to assist more than 100 SMEs and 60 start-ups</li> <li>- The Technology Transfer Office was established at the Amman Chamber of Industry as part of the second phase of the Support to Research, Technological Development, and Innovation in Jordan Project (SRTD II)</li> </ul>
<b>GIZ</b>	<ul style="list-style-type: none"> <li>- Money transfers without borders</li> <li>- Cultural and creative industries as drivers of development</li> <li>- Labour Market Oriented Vocational Education, Higher Education, and Training MOVE-HET</li> <li>- Promoting job opportunities for MSMEs</li> <li>- Trade for Employment</li> </ul>

Source: UNCTAD, based on desk research and data provided by RCO in Jordan



Table 11: Mapped initiatives and programs implemented by local entities related to e-commerce and digital economy

Partner	Mapped initiative or program
<b>MITS/JEDCO</b>	<ul style="list-style-type: none"> <li>- A programme to support 40 industrial companies to engage in e-commerce</li> <li>- Supporting high export-ready industrial SMEs and SMEs with export potential of high value-added goods/ services for the first time</li> <li>- Support the Small and Medium Enterprises Networking Programme with investment funds</li> <li>- The Small and Medium Enterprises Growth Acceleration and Exports Acceleration Project 2019-2020</li> <li>- Support shipping costs for exporters</li> <li>- JUMPII, Nafis (Compete)</li> <li>- A Doctor for Each Factory</li> </ul>
<b>MoDEE</b>	<ul style="list-style-type: none"> <li>- The National Incubation Programme</li> <li>- The Graduates Internship Programme (GIP)</li> <li>- Implementing the YTJ Project</li> </ul>
<b>Business Development Center</b>	<ul style="list-style-type: none"> <li>- Empretec: Entrepreneurial Capacity-Building Programme: In collaboration with UNCTAD, BDC conducts training workshops for a select group of entrepreneurs in order to develop their behavioral competencies by providing a self-learning environment that compels them to excel</li> <li>- Maharat Entrepreneurship: Enhancing Jordanian university graduates' potential to initiate or improve small businesses or other entrepreneurial activities</li> <li>- SANAD: Introducing entrepreneurship at all educational levels</li> <li>- BidNetwork: Matchmaking for Development: Assisting entrepreneurs to develop effective business plans and access the worldwide equity market consisting of experienced Angel Investors and SME funds</li> </ul>
<b>The Crown Prince Foundation (CPF)</b>	<p>The CPF seeks to implement a number of programmes in all governorates of Jordan in partnership with different entities and in line with the main focus areas and strategy of the CPF, with the aim of supporting and developing the skills of Jordanian youth:</p> <ul style="list-style-type: none"> <li>- One Million Jordanian Coders Initiative</li> <li>- The Crown Prince Award for the best government service application</li> </ul>
<b>The Technical and Vocational Skills Development Commission (TVSDC)</b>	<ul style="list-style-type: none"> <li>- Skills for Employment and Social Inclusion Programme (SESIP)</li> </ul>

Source: UNCTAD



## 7. ACCESS TO FINANCING

While many initiatives and measures have been implemented by the CBJ, as well as local and international development partners, access to financing for startups remains inadequate in Jordan. Despite efforts made to increase financial inclusion, access to finance and related services are particularly challenging for youth, women, those outside the capital city, and other marginalized groups. Startups face a number of obstacles such as high bank interest rates (despite the lower interest rate introduced by the CBJ), the collateral requirement, and limited knowledge on how to evaluate their funding needs (especially with regard to e-commerce). Other obstacles are related to the tax regulations, interpretation of laws, and a lack of training at the early stages of business creation. In addition to banks, ten MFIs, several incubators, organizations, and donors provide different types of support to entrepreneurs and startups. However, a significantly higher level of coordination, cooperation, and integration is needed among the different partners active in the entrepreneurial ecosystem to optimize results for startups.

Access to financing has always been on top of the Jordanian government's agenda. Reforms in this area led by the Central Bank of Jordan (CBJ) have made a major difference in many areas, including getting credit. However, many challenges remain for MSMEs, SMEs, startups, youth, and women-led businesses in particular.

### 7.1 Depth and breadth of the commercial banking system

The CBJ has introduced many reforms and policies in recent years to improve access to credit and financial inclusion. Many initiatives have also been established by the CBJ and development partners to develop the startups ecosystem like the Innovative Startups and SMEs Fund (ISSF). Successful homegrown enterprises have shed light on the potential of the Kingdom's tech startup scene. Some of the measures taken by the Government in response to the impact of the COVID-19 pandemic include providing temporary cash-flow relief to companies by allowing delayed payments of sales taxes and customs duties. On the monetary side, the CBJ reduced interest rates, injected liquidity by reducing reserve requirements on time deposits, and eased terms of financing programmes for SMEs.

Even before the pandemic, the CBJ was making efforts to support the growth of local SMEs. For example, the CBJ provides incentives to licensed banks, with the aim of enhancing their role in supporting SMEs and domestic economic sectors with high value added, through its new refinancing programme (with a total

of JOD 1.2 billion). By the end of 2019, the value of approved loans was JOD 782.1 million (65.7 per cent of the available funds), benefiting 1,153 projects and creating 11,648 job opportunities.<sup>127</sup> In 2020, the CBJ deployed another JOD 500 million financing programme to support SMEs through commercial and Islamic banks.<sup>128</sup>

Interest on monetary policy instruments and open market operations at the Central Bank rate was reduced 5 times between August 2019 and June 2020. The CBJ main rate was reduced from 4.5 per cent to 2.5 per cent within the same period. Similarly, the re-discount rate was reduced from 5.5 per cent to 3.5 per cent.

To support self-employment and enable young Jordanians to establish development projects providing them with an income source and job opportunities, the CBJ supplied financing to the National Self Employment Program INHAD with a value of JOD 100 million. This was done by providing loans to commercial and Islamic licensed banks, to be lent back within affordable costs and terms, to support youth holding certificate of accession to the programme. As a result, Regulation No. 846/2019 for financing projects within INHAD was issued to licensed banks.

According to private sector stakeholders consulted during the national consultations, licensed banks' interest rates remain high compared to the interest rate applied by the CBJ however. Moreover, the banks' requirements for collateral make it difficult for

<sup>127</sup> CBJ Annual Report 2019

<sup>128</sup> CBJ Annual Report 2020



most entrepreneurs to access funding. In some cases, banks require a mortgage as a collateral for lending money to an e-commerce startup.

In 2019 the domestic credit to private sector by banks ratio (as per cent of GDP) was 76.8 per cent, which is higher than the average in the Arab world (54.9 per cent in 2017) and the MENA region (57.2 per cent in 2017), but lower than the average in the world (90.1 per cent in 2019), middle-income countries (105 in 2019), and upper middle-income (123.7 per cent in 2019).<sup>129</sup> Credit provided to the private sector amounted to 91.1 per cent of the total credit facilities extended by licensed banks in 2019.<sup>130</sup> However, the ratio of total credit facilities granted to SMEs was only 11 per cent (Q1 2021) of the total private sector credit facilities.<sup>131</sup>

## **7.2 Key challenges faced by enterprises in accessing credit**

The availability of financial resources is crucial for starting or further developing an e-commerce business in Jordan. Many SMEs do not know where to find the needed capital. Stakeholders consulted during the assessment have highlighted the inadequate venture capital in the market, the low access to funding, and the insufficient awareness about access to finance opportunities as key challenges for developing the digital economy and e-commerce ecosystem in Jordan.

Similarly, the respondents to the eTrade Readiness survey identified the availability of venture capital for start-ups, achieving a favorable investment climate for e-commerce, awareness of investment opportunities in the e-commerce ecosystem, and identification of barriers to financing of e-commerce ventures as the most important issues in terms of access to financing (see Figure 30).

SMEs in Jordan have very limited knowledge about how to evaluate their funding needs to engage in e-commerce activities. Because e-commerce is a new area for many SMEs, they do not have the experience or expertise to evaluate their needs along the entire e-commerce value chain. This in turn makes it difficult to make credible financing requests to banks and other credit institutions. Even developing basic business plans and proposals can be a challenge for some SMEs, which is a basic requirement for applying for funding in most institutions.

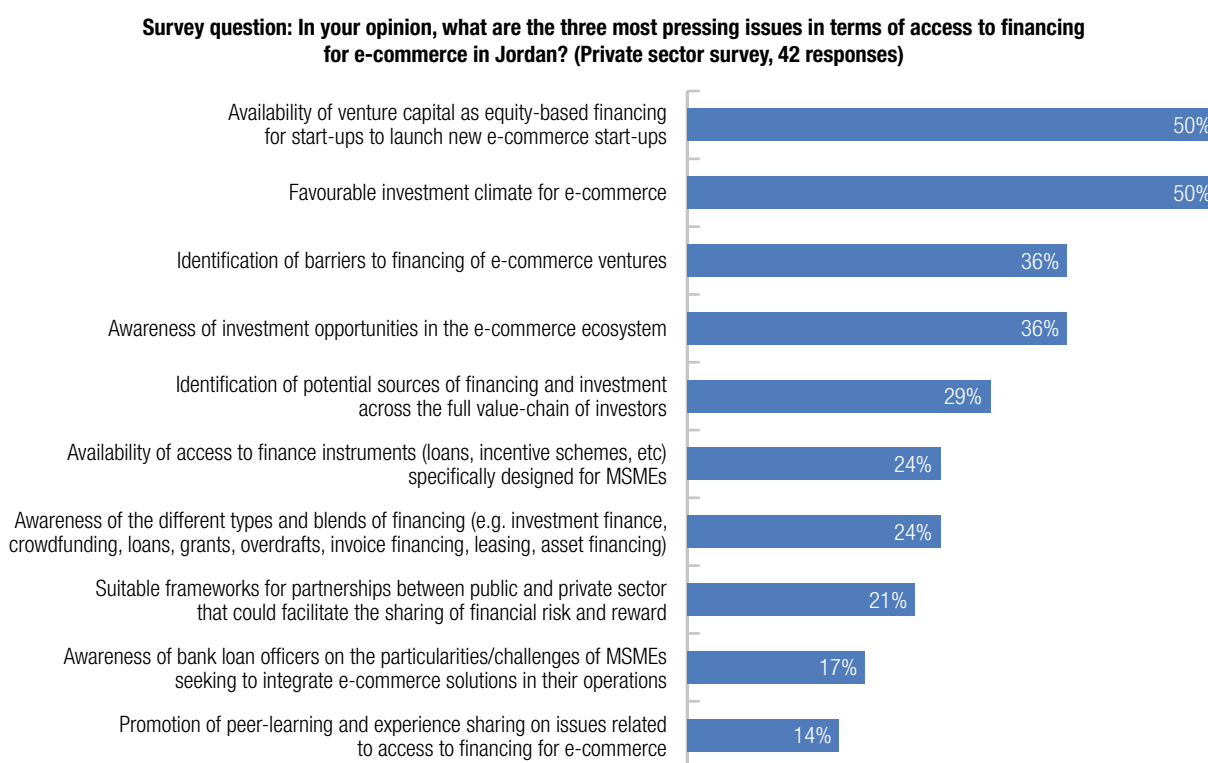
In addition to creating awareness of the available financing opportunities, digital entrepreneurs and MSMEs engaging in e-commerce may need to develop their capacities on how to develop bankable business plans and funding proposals. Part of this entails developing a detailed knowledge of the needs of the e-commerce value chain, including the specific needs of consumers and investors.

<sup>129</sup> WB: <https://data.worldbank.org/indicator/FD.AST.PRVT.GD.ZS?end=2019&locations=JO&start=2004>

<sup>130</sup> CBJ: <https://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=67>

<sup>131</sup> CBJ: Total Credit Facilities granted by Banks to Small and Medium-Sized Enterprises for the Period (Q1\_2016 –Q1\_2021) (Millions JOD)



**Figure 30: Access to finance: the most pressing issues for e-commerce development in Jordan**

Source: UNCTAD

### 7.3 The startup ecosystem in Jordan

Jordan has had a reputation for high levels of entrepreneurial activity. Several dedicated startup support programmes (e.g., in incubation, mentoring, and investment) were launched in the late 1980s and 1990s, even before many other countries in the region started establishing such programmes.<sup>132</sup> Jordan was indeed the first Arab country to establish an incubator. While Jordan's population represents 3 per cent of the MENA region, the country is home to over 23 per cent of MENA's tech entrepreneurs.<sup>133</sup> The country also has a history of producing innovative startups. Maktoob, the pioneering Internet company that was eventually acquired by Yahoo, provides a good example. Jawaker, the leading online card game studio from Jordan, has its headquarters in UAE with offices in Amman.<sup>134</sup> Jawaker is a social card gaming

network - hosting the most popular Middle Eastern card games, including Tarneeb, Trix, Hand, Baloot, and Estimation. The company was founded in 2009 and grew quickly to cater to hundreds of thousands of users per month.<sup>135</sup> Recently, Jawaker sealed their acquisition deal which is valued at US\$ 205 million by the global gaming studio Still-front Group.<sup>136</sup> Forbes Middle East's Top 100 Startups in the Arab World ranking included Jordanian firms ArabiaWeather, MadfoatCom, ShopGo, and Tamatem.

More recent statistics on entrepreneurial activity are, however, less positive. According to the Global Entrepreneurship Monitor (GEM), Jordan's total entrepreneurial activity rate increased from 8.2 per cent in 2016 up to 9.11 per cent in 2019, although this represents a drop from the 10.2 per cent registered in 2009. The rate of established business ownership

<sup>132</sup> [https://www.itu.int/en/ITU-D/Regional-Presence/ArabStates/Documents/events/2019/ARTECNET/Pres/Presentation%20ARTECNET\\_Sharaf.pdf](https://www.itu.int/en/ITU-D/Regional-Presence/ArabStates/Documents/events/2019/ARTECNET/Pres/Presentation%20ARTECNET_Sharaf.pdf), and Based on "Jordan's Startup Economy Assessing the economic contribution and potential of tech and tech-enabled startups May 2019"

<sup>133</sup> MODEE, [https://www.modee.gov.jo/EN/Pages/Digital\\_Skills\\_\\_Entrepreneurship](https://www.modee.gov.jo/EN/Pages/Digital_Skills__Entrepreneurship)

<sup>134</sup> <https://mena.news/jawaker-acquired-for-205m/>

<sup>135</sup> <https://www.jawaker.com/en/about>

<sup>136</sup> <https://mena.news/jawaker-acquired-for-205m/>



went up, from 2.7 per cent in 2016 to 6.55 per cent in 2019, a slight improvement compared to 5.3 per cent in 2009.<sup>137</sup> At the same time, discontinuation of business was the second highest globally in 2016.<sup>138</sup>

The Global Entrepreneurship Index 2019 underlines that Jordan's entrepreneurship ecosystem lags in high growth, risk capital, risk acceptance, internationalization, and human capital indicators (Figure 31). Jordan is ranked 63<sup>rd</sup> out of 137 countries in 2019,<sup>139</sup> down from 49<sup>th</sup> in 2018.<sup>140</sup>

According to a 2019 World Bank survey of 200 Jordanian entrepreneurs, local startups face numerous barriers to establishing their business in Jordan, ranging from inadequate policies and finance instruments to limited access to talent.<sup>141</sup> Other studies<sup>142</sup> indicate that the major challenges facing entrepreneurs in Jordan are related to:

- Financing and fundraising
- Regulations of taxation and interpretations of laws
- Considerable lack of entrepreneurial training at the early stages of business creation

To overcome some of the existing challenges faced by new SMEs in the country, the MoDEE in cooperation with the Jordan Strategy Forum and members of the J-Core Programme launched the Facilitating Entrepreneurial and Startup Businesses initiative in 2018. The objective is to empower entrepreneurial and startup companies and enhance their growth opportunities and competitive strength. A policy paper, prepared in 2019, provided proposals and

recommendations to overcome obstacles faced by startups and entrepreneurial companies in the registration of official bodies, acquiring bank accounts, issuing professions' licenses, social security procedures, attracting foreign labor and foreign financing and to amend many laws and regulations. MoDEE has communicated with all concerned authorities to amend the laws mentioned in the paper, including the MITS, the CCD, Amman Municipality, and others.<sup>143</sup>

### Jordan's financial inclusion

Based on the Startups Landscape and Gap Analysis Study conducted in 2020, female participation in startups reached 40 per cent,<sup>144</sup> a high percentage which shows the capacity and contribution of the e-commerce sector to achieving higher gender inclusion in the country.

Jordan has achieved good results in terms of financial inclusion; however, the cost of loans remains high, and collateral is difficult to attain by entrepreneurs. While in many sectors moveable assets and real estate could be used as collateral, this is not possible for e-commerce businesses that do not have moveable assets or their own premises (real estate) to be used as a mortgage, which further limits access to financing, especially for women and young entrepreneurs.

According to the CBJ, access to finance is the major challenge for women and youth entrepreneurs in Jordan. Main challenges include the lack of digital and financial literacy, the high cost/fees of financial services, legal and regulatory challenges, and access to finance requirements.

<sup>137</sup> <https://www.gemconsortium.org/economy-profiles/jordan>

<sup>138</sup> *Jordan's Startup Economy Assessing the economic contribution and potential of tech and tech-enabled startups May 2019.*

<sup>139</sup> *The Global Entrepreneurship Index 2019*

<sup>140</sup> *The Global Entrepreneurship Index 2018*

<sup>141</sup> *Jordan's Startup Economy Assessing the economic contribution and potential of tech and tech-enabled startups May 2019*

<sup>142</sup> *Entrepreneurship and Job Creation in Jordan: Challenges and Prospects for Start-ups*, Mutaz Minwer Halal Alharbi, Irbid National University, DOI: <https://doi.org/10.37899/journalbisecoman.v1i3.114>, Vol. 1 No. 3 (2020); *Journal La Bisecoman*

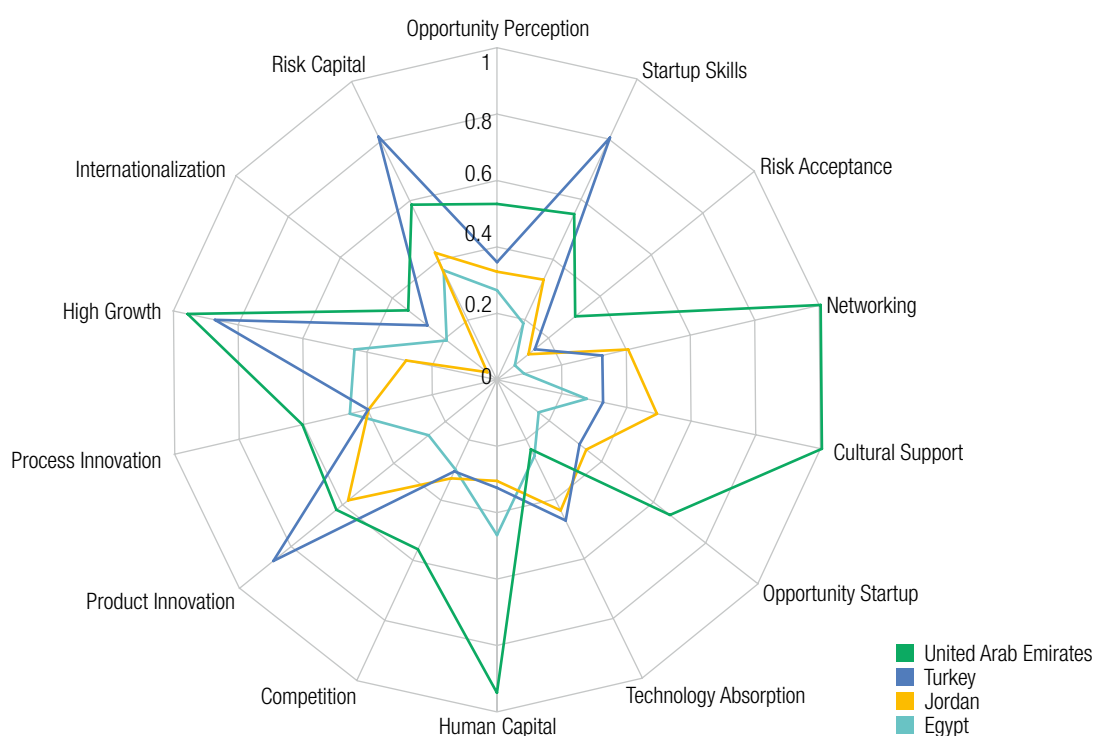
<sup>143</sup> MoDEE, [https://www.modee.gov.jo/EN/Pages/The\\_Facilitating\\_Entrepreneurial\\_and\\_startup\\_Businesses\\_initiative](https://www.modee.gov.jo/EN/Pages/The_Facilitating_Entrepreneurial_and_startup_Businesses_initiative)

<sup>144</sup> *Startups Landscape and Gap Analysis Study (2021)*





Figure 31: Global Entrepreneurship Index, 2019



Source: Compiled by UNCTAD based on The Global Entrepreneurship Index 2019 of The Global Entrepreneurship and Development Institute (GED)

**Box 9: Mumzworld: an example of successful woman-led digital business**

Being an entrepreneur is not just about having an idea and an innovative product; having a vision and being creative to strategize to reach this vision is also very critical for success. Ten years ago, Jordan was not ready to make use of e-commerce as a driver for growth and for entrepreneurs to grow and prosper as it is right now. Mumzworld, the first and largest online shopping marketplace in the Middle East for mother, baby, and child products, is currently expanding its investment in Jordan. This is a proof that e-commerce in Jordan is evolving, and it is a call for policymakers to speed up the creation of an enabling environment for e-commerce.

The Jordanian entrepreneur Mona Ataya, the Founder and CEO of Mumzworld, has proven to be one of the Middle East’s most renowned women entrepreneurs. Mona started her career at Procter & Gamble, and she later moved back to the Middle East region, working with another FMCG giant, Johnson & Johnson MENA, followed by Johnson & Johnson Europe, where she managed a broad portfolio of leading global brands. In 2000 she left Johnson & Johnson Europe and joined a startup team as the VP of Marketing and Co-Founder of Bayt.com, which is today the largest and most recognized recruitment site in the MENA region.

In 2011 Mona launched her second startup Mumzworld in the UAE, a brand that provided faster, easier, and more cost-effective shopping for the mother, baby, and child segment. Since its launch in 2011, Mumzworld has become the leading online marketplace and has grown in many countries in the region. Currently, Mumzworld is planning to set up and expand its investment in Jordan.

Mona represents a role model of what it takes to be a successful entrepreneur, reason why she is an eTrade for Women Advocate for the Arab States to make sure that gender equality in the digital economy gets the attention it deserves. Mona believes that the life of an entrepreneur is not an easy one, and it is not for everyone. An entrepreneur should be driven by a vision and a commitment to doing something impactful and important and he/she should be very clear about his/her reasons behind getting into this field. To be smart and creative and be surrounded by winners are key issues to reach an aspired vision. Entrepreneurs should ensure that their startups continue to attract the best talent and build bulletproof operations that contribute to a superior customer experience.

On the enabling environment level, the capital, talent, and legal framework are considered among the key enablers for e-commerce startups to thrive.

Source: UNCTAD (2021), based on an interview with Mumzworld CEO.



The CBJ prepared the National Financial Inclusion National Strategy 2018-2020.<sup>145</sup> The two high-level goals of the strategy, which are: i) to increase the level of financial inclusion from 33.1 per cent in terms of account ownership by the adult population to 41.5 per cent by 2020, and ii) to reduce the gender gap from 53 per cent to 35 per cent, were exceeded. The account ownership rate by the adult population reached 50 per cent, while the gender gap was reduced to 29 per cent by end of 2020.

The Basic Bank Account was introduced in 2019 by the CBJ to improve inclusion and facilitate access of all segments of society to financial and banking services. Operating banks are now obliged to open a basic bank account for financially excluded individuals.

Among the policy options to promote women and youth financial inclusion are designing gender specific programmes and initiatives, empowering women and youth through digital financial solutions, taking the opportunity of FinTech to provide low-cost solutions to underbanked, enhancing the financial knowledge

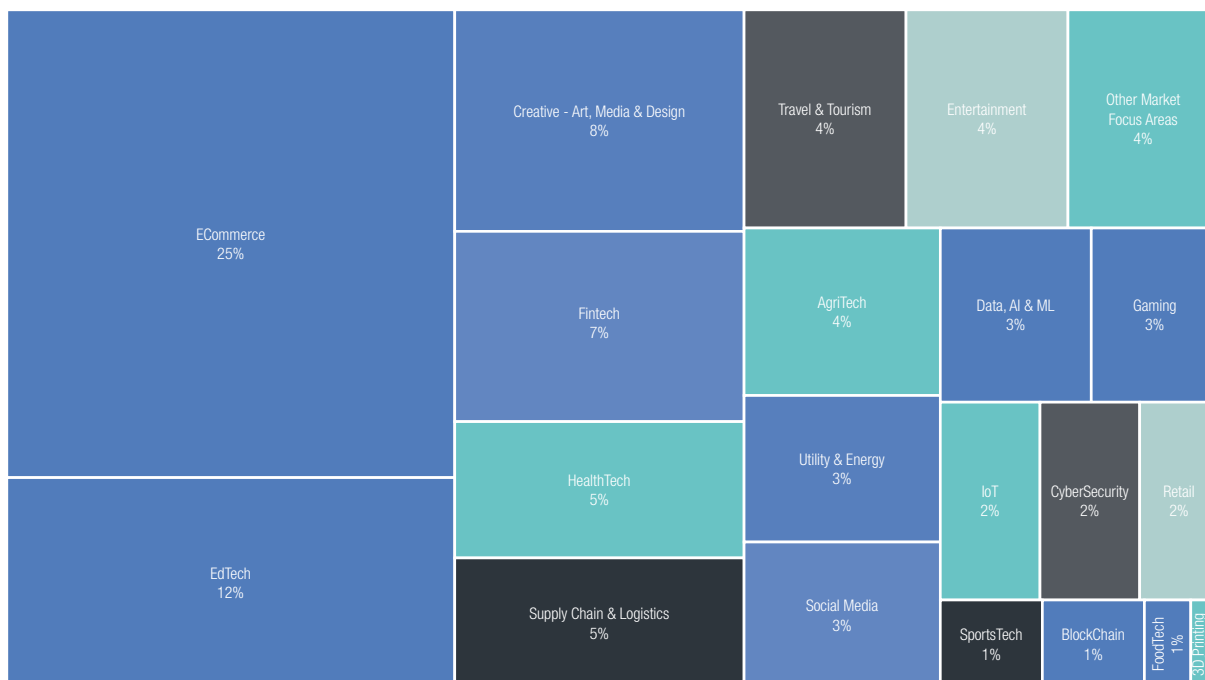
of women and youth, and empowering them to take responsible financial decisions.

#### 7.4 Types of financing provided

Under a recent initiative aimed at enhancing the entrepreneurship ecosystem in Jordan, the MoDEE, Orange Jordan, and int@j conducted the Startups Landscape and Gap Analysis study.<sup>146</sup> The study classified 275 startups within 21 main verticals (see Figure 32).<sup>147</sup>

According to the study, 57 per cent of Jordanian startups are in 5 main verticals. E-commerce startups constitute 25 per cent of mapped startups, constituting the largest among all verticals. B2C e-commerce startups is the largest sub-vertical with 52 startups (see Table 12). According to int@j, most of these startups are selling in the domestic market, while very few engage in cross border e-commerce. Most startups targeting specific markets establish their own companies and facilities within these markets because of the cost and complications of export procedures.

Figure 32: Startup verticals



Source: Startups Landscape and Gap Analysis Study (2021)

<sup>145</sup> <http://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=197>

<sup>146</sup> Launched by int@j and StartupJo on behalf of the Innovation Space project, a 3-year program co-funded by the European Union's Innovation for Enterprise Growth and Jobs program – Innovate Jordan, March 11, 2021.

<sup>147</sup> Mapped startups should be based in Jordan, provide intellectual property-based products or solutions, and be in the startup phase, whether registered or not.



**Table 12: Top sub-verticals**

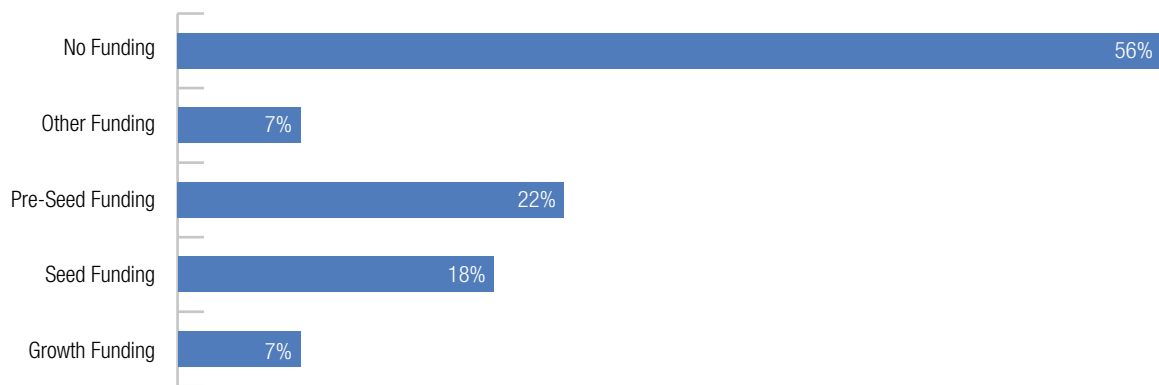
Vertical	Sub-Vertical	Number of Startups
E-commerce	Marketplace B2C	52
E-commerce	Platform	13
EdTech	Content Development	13
E-commerce	Marketplace B2B	12
Travel and Tourism	Tours and Activities	11
Social Media	Content Creation and Account Management	11
E-commerce	On Demand Services	10
Supply Chain and Logistics	Last Mile Delivery	10

Source: *Startups Landscape and Gap Analysis Study (2021)*

The study further shows that 60 per cent of participating startups are in the growth phase, and 25 per cent have a minimum viable product, while the rest are at the idea, pre-MVP, or prototyping stage. In addition, only 35 per cent of the startups joined an incubator or an accelerator, while 56 per cent have not received any funding (Figure 33).

The study's results will contribute to paving the way for more successful Jordanian startups as it helps understand the Kingdom's entrepreneurship ecosystem and the main verticals that have future opportunities for growth and expansion.

**Figure 33: Startups' funding**



Source: *Startups Landscape and Gap Analysis Study (2021)*

According to int@j, the number of startups reached 332 by November 2021, of which 25.8 per cent are in the e-commerce vertical. The number of startups who have not received any funding is still high (54%).



According to the eT Ready survey respondents, high interest rates and low chance of success are among the main reasons why startups are not applying for funding in Jordan (see Figure 34). During the national consultations, the high interest rate, the lack of collateral, and insufficient information were identified as main challenges, especially for women and youth.

The large number of e-commerce startups in Jordan certainly calls for rapid strategic action and an enabling business environment that strengthens competitiveness, supports sustainability and growth, and attracts further investment in the sector.

The number of startups needs to increase, and they need to be encouraged to venture into the digital economy, while both startups and more established Jordanian companies need to investigate partnerships with international companies and shift to a demand-driven market development, informed by trends across global value chains and markets. Among issues raised during consultations in this regard:

- Providing attractive incentive packages would generate high momentum in the startup ecosystem and prevent entrepreneurs from seeking a more enabling environment in other countries. This priority should be on top of the ENTFF agenda.

- The interest rate should be further lowered, especially for women and youth. Developing programmes to provide support for MSMEs to access zero interest rates loans would improve the startups ecosystem. These programmes could be supported by DPs or the CBJ.
- A national one-stop-shop awareness online platform on e-commerce should be developed to provide information on access to finance, development projects, incubators, registrations, trends, investment opportunities, and others.

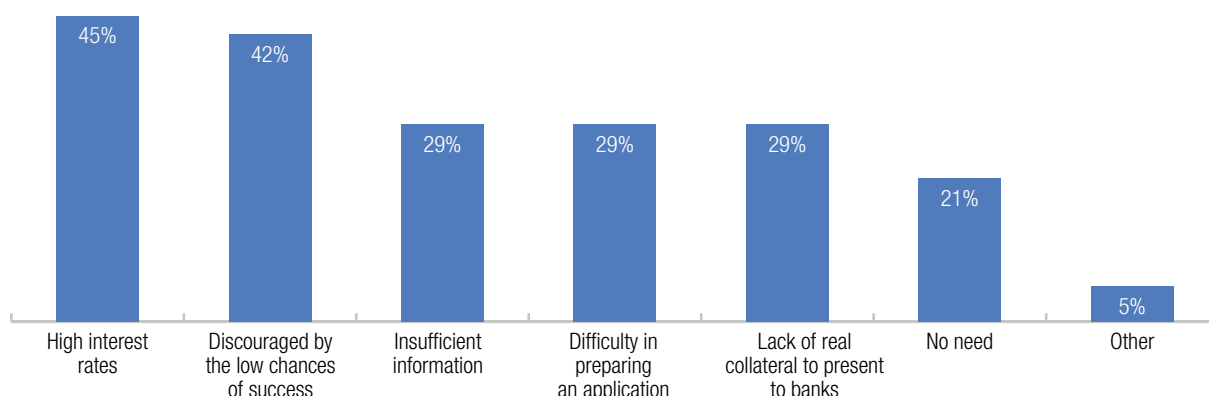
### 7.5 Financing by banks and MFIs

In Jordan there are 10 registered Microfinance Institutions (MFIs), with a total of 201 branches, 33 per cent of which are located in the capital. The Microfinance sector remains small with only 411,746 active borrowers, 73.9 per cent of whom are women.<sup>148</sup> The available market for Microfinance is estimated to be double.<sup>149</sup>

Tanmeyah, the Jordan Microfinance Network, was established and formally registered as a non-profit institution at the MITS in 2007. The Network's main objective is to develop a sustainable Microfinance industry that will become an integral part of the national financial system in Jordan.

**Figure 34: Access to finance - Main reasons for not applying for funding**

**Survey question: If you have never applied for funding, what is the main reason?  
(Private sector survey, 38 responses)**



Source: UNCTAD

<sup>148</sup> Tanmeyah – Jordan Microfinance Network, Jordan Microfinance Industry KPI's Q2 2021, <http://tanmeyahjo.com/>

<sup>149</sup> The USAID Jordan Local Enterprise Support Project (LENS)



The USAID Jordan Local Enterprise Support Project (LENS) SME survey reported that 80 per cent of SMEs in Jordan do not have a bank account for their business and generally lack access to financial services.<sup>150</sup> Microfinance institutions could play a key role in meeting the needs of marginalized groups if their capacities are built and oriented towards: i) deploying new and innovative means of product and service delivery; ii) building institutional capacity to increase lending through Improved Credit Scoring Methodologies and Risk Management Techniques; iii) assessing market demand and introducing new products including loans for specialized training or business inputs and running cost, particularly targeting the youth, startups, green initiatives, and Islamic products; iv) providing financial literacy and training on how Microfinance can be used to start and grow a business; v) developing alternative delivery channels and innovative technologies to expand MFI outreach; and vi) providing clients with an alternative loan e-payment.<sup>151</sup>

MFIs should recognize that a large number of startups work within the e-commerce sector, and thus design special and innovative products that should take into consideration the financial needs of the different e-commerce business models.

### 7.6 Support by incubators, venture capitalists, and donors

Many entities support the Jordanian startup ecosystem, spearheading the entrepreneurial boom, including finance, media, incubation, acceleration, and training.

#### Finance

Oasis500, Dash Ventures, and MENA Apps are startup finance-oriented hubs:

- Oasis500 is a seed funding and venture capitalist organization looking to invest in profitable business ideas in their early stages from the tech and creative industries. They have launched over 130 startups and trained 2,500 entrepreneurs with the help of US \$8 million in investment, 100 mentors, and 100 angel investors. For example, BitsyBox, an

activity box that offers kids access to unique, hands-on play by having them create their own themed sensory boxes, is a success story supported by Oasis500.

- Dash Ventures is a venture capitalist organization supporting startups' integration into the global network of industries. The organization focuses on businesses that work in information technology, energy efficiency, lifestyle consumer brands, and creative industries.
- MENA Apps connects young entrepreneurs with innovation and creativity to the resources they need to reach consumers. MENA Apps supports start-ups pitching for fundraising.<sup>152</sup>

#### Leading accelerators and incubators

- The Queen Rania Center for Entrepreneurship (QRCE), which focuses on networking, recognition, awareness, capacity-building, and funding and has worked with more than 100 startups.
- Business Development Center Jordan (BDC), which has created a wide range of solutions for the needs of Jordanian SMEs, women, youth, entrepreneurs, and local economic development. Among others implemented a special programme to build SMEs' capacities in digital marketing and e-commerce.
- Zain Innovation Campus (ZINC), established by Zain Telecommunication Company, to provide Jordanian entrepreneurs and startups with the resources they need to take their businesses to the next level. ZINC has expanded to include branches at the University of Jordan, Yarmouk University, and the ShamalStart Initiative (Luminus).
- Spark, which partnered with the University of Petra (UoP) to introduce entrepreneurship to the youth of Jordan. The programme includes an Entrepreneurship Course and Competition where the applicants with the most auspicious business ideas were invited to join an advanced three-week course in the Startup Incubator Quarter. It includes an opportunity

<sup>150</sup> The USAID Jordan Local Enterprise Support Project (LENS)

<sup>151</sup> <https://jordanlens.org/activity/qa-jordans-digital-banking-environment-central-bank-jordan/>

<sup>152</sup> <https://startupswb.com/the-jordanian-startup-ecosystem-15-hubs-you-should-know-if-you-are-an-entrepreneur.html>



to collaborate with the International Business College Mitrovica. The programme ended with twelve teams pitching their business ideas in front of business specialists.

- iPark, Jordan's Technology Incubator, which offers incubator services such as logistical, operational, and strategic support, interaction, and networking, monitoring and evaluation, and educational programmes/seminars. With the help of their services, graduate companies are currently collectively valued at over US \$50 million.
- Shamal Start, the leading business accelerator and seed investor in the north of Jordan. The accelerator supports entrepreneurs with ideas in manufacturing and service by providing support, mentorship, workspace, networking, seed funding, and access to a digital fabrication facility in Jordan. Shamal Start is known for FabLab, the first digital fabrication laboratory in Jordan.
- The Business Innovation Growth (BIG), which was established by Orange Jordan to manage a growth-stage startup accelerator programme aimed at small Jordanian businesses. BIG support startups which are looking for mentorship, as well as providing a fully equipped space to propel the growth of their businesses. BIG helps Jordanian startups expand into new markets and reach more customer segments.
- The Jordan Entrepreneurship & Innovation Association (JEIA) was founded in 2018 by a group of Jordanian entrepreneurs and innovators to create an official hub that connects and supports Jordanian talent and entrepreneurs. JEIA supports entrepreneurs in developing successful and sustainable business models, preparing professional pitch decks, and connecting them to investors.
- The CBJ launched an initiative to establish a Regulatory Sandbox in 2018 to support and empower entrepreneurs, innovators, and financial technology institutions to test innovative technological solutions and creative ideas within a supportive environment. This regulatory sandbox allows organizations and individuals to test innovative and developed financial services, products, and business

models. It also provides advice and guidance to entrepreneurs and innovation projects without subjecting these projects to legislative and regulatory requirements at the beginning of launching the new product or service.

### Technological Development

- Refugee Code Week and Reboot Kamp (RBK), which are well known for building coding capacities and online presence.
- Reboot Kamp (RBK) is a coding bootcamp in the Middle East which provides a 16-week programme to turn students into software engineers in the programming language.

### Other support facilities: events, communities, parks

- MakerSpace in the Jordan Museum provides a place for visitors to explore and interact with modern digital fabrication tools and innovative technologies.
- Dakwak, is a website translation and localization software service that specializes in making a local website available to a global audience, increasing search engine visibility, allowing seamless integration to new domains of the owner's choice, and Dakwak analytics that show audience engagement.
- Startup Grind Amman, one of the most active Startup Grind communities globally, is an online community of startups, founders, innovators, and creators, reaching over 3.5 million individuals worldwide.
- King Hussein Business Park is a complex in Amman which hosts 75 global and local companies, offering 120,000 square meters of ready-to-use office space in a central, easy to access location.

### National initiatives to support incubation and acceleration of startups

Through the National Incubation Programme, the MoDEE has transformed 40 knowledge stations into incubators in all governorates of the Kingdom. There are currently about 3-4 incubators in each governorate, in order to make it possible for creative entrepreneurial youth to benefit from incubation services and develop their creative ideas regardless of their location.



The Jordanian Action for the Development of Enterprises (JADE), an initiative funded by the EU and implemented through six local business associations and five incubators to support the growth of more than 100 SMEs and 60 startups.<sup>153</sup>

To better address the challenges within the startups ecosystem, the World Bank and the CBJ have established the Innovative Startups and SMEs Fund (ISSF), a private sector-managed fund making investments in innovative startups and early-stage SMEs with total working capital of US \$98 million. According to the ISSF, Jordan's ecosystem is relatively well developed, and there is no lack of innovative and creative ideas. However, the capacity to generate the type of startups ready to be considered as viable by investors is limited. Challenges in the business environment constrain investment and the ability of the private sector to grow, affecting both the supply and demand side. The chronic and increasing level of national unemployment, particularly youth unemployment, has also further exacerbated the need for investment tools to facilitate new company establishment, resulting in job creation.<sup>154</sup> According to the ISSF, Jordanian entrepreneurs have innovative ideas and products but, in most cases, lack the managerial and administrative skills to run a company, which is required by investors. To alleviate this challenge, the ISSF has signed agreements to establish seven incubators in different fields including AI, cyber security, and education technology. This assessment and the startup mapping, which shows that the larger number of mapped startups are in the e-commerce sector, is inspiring the ISSF to establish an incubator specialized in e-commerce as part of its plan to establish three other incubators in specific verticals.

Funded by the ISSF, int@j is preparing to establish and manage the first business incubator in Jordan specialized in the field of cyber security. In the first phase, 15 companies will be targeted to develop new global cyber security services and solutions.

Furthermore, the Development and Employment Fund launched the Digital Projects Programme, through

which loans of JOD 3,000 will be lent to 150 young entrepreneurs from all governorates.<sup>155</sup>

At the end of 2017, the Gates Foundation and the Central Bank of Jordan (CBJ) launched the Mobile Money for Resilience (MM4R) initiative to improve the quality of life for Jordanians and refugees impacted by the Syrian crisis. MM4R has two interrelated objectives: 1) to accelerate the financial inclusion of unbanked and underserved populations through DFS and 2) to improve the efficiency and effectiveness of humanitarian response programmes. One of the initiatives supported by MM4R is SouqJO, which is an e-commerce platform for small home producers. The initiative is important for promoting e-commerce, encouraging innovative fintech start-ups, and strengthening livelihood opportunities for home-based businesses. MM4R is funding and supporting SouqJO,<sup>156</sup> an online marketplace for handicrafts, home goods, and other products produced by home-based businesses. There is a large home-based manufacturing industry in Jordan, run primarily by women and low-income households, both Jordanian and refugee. SouqJO provides training to business owners on how to market their products online, a platform to sell their products, and access to e-wallets to receive payments for e-commerce sales. Since February 2020, SouqJO has onboarded 3,000 businesses.<sup>157</sup>

According to national consultations, higher technical capacity is needed within the incubators and accelerators to be able to improve services to startups and provide higher value-added expertise. Moreover, except for Shamal Strat, most startups and incubators are concentrated in Amman, which is preventing access to many creative and innovative entrepreneurs in other governorates. The large number of support institutions and initiative is also encouraging, although higher coordination is needed, to guarantee serving the largest possible number of entrepreneurs in an integrated and efficient manner. The following were considered priorities by stakeholders during the consultations:

<sup>153</sup> <https://issfjo.com/jordan-launches-98-million-startup-fund/>

<sup>154</sup> <https://issfjo.com/tor-design-develop-and-manage-issf-deal-flow-marketplace-platform-active/>

<sup>155</sup> *The Development and Employment Fund*: <http://www.def.gov.jo/>

<sup>156</sup> <https://web.souqjo.net/>

<sup>157</sup> *CBJ: Mobile Money For Resilience – Case Study*



- A special accelerator for e-commerce startups will be an opportunity for more targeted and higher quality services in this area.
- Through different capacity-building tools, many development projects are providing SMEs and startups with grants to implement their action plans or achieve specific targets. Better coordination between development projects and incubators providing financing for startups could provide adequate funds for the evolution of startups based on the needs of their business models.
- TSIs and incubators should carefully evaluate the minimum requirements for businesses to grow. Below such minimum requirements, most startups for youth, women, and those who cannot afford capital for their startups will not be able to sustain their business.
- Better coordination and integrations should be sought between incubators, accelerators, and TSIs working on strengthening the competitiveness of Jordanian exporters and manufacturers.

Many non-banking financial institutions provide supportive financial services to Jordan SMEs. The Jordan Loan Guarantee Corporation (JLGC), for instance, hosts several guarantee opportunities including the Small Startups Guarantee, the Micro Loan Guarantee, the SMEs Loan Guarantee, the Industrial Finance Guarantee, the Kafala Program – Islamic Finance (EJADA), the Export and Domestic Credit Guarantee Program, and the Loan Guarantee Program to face the Corona Crisis. The JLGC provided guarantees for 1,223 loans in 2019, in addition to loans granted through the National Self Employment Program (INHAD) in the accepted guaranteed loans within the small startups business loan guarantee program. Designing loan guarantees that tackle the special needs of businesses in the e-commerce sector will significantly improve the e-commerce ecosystem in Jordan.





## CONCLUSION

This assessment has examined the potential of Jordan to engage in and benefit from the expansion of e-commerce. It has also presented the challenges for the government and business community to harness the opportunities offered by e-commerce in view of diversifying its economy by boosting trade and exports, creating jobs, stimulating innovation and increasing productivity.

The country's strategic location, its young, tech-savvy, and creative population, a strong ICT sector, and increasing numbers of start-ups in the sectors are all promising factors. MITS and national stakeholders have acknowledged the importance of e-commerce for the socioeconomic development of Jordan and that its full potential remains still untapped.

For the Jordanian government to fully exploit the digital economy and e-commerce, it should take an integrated approach to policy actions, with a clear focus on establishing an enabling environment that makes it easier for businesses and startups to take risks and innovate. This means strengthening coordination among public and private sector stakeholders and academia on e-commerce. Addressing the barriers related to Internet accessibility and affordability, especially in rural areas, building

trust among consumers, merchants, and investors, including through the revision of the current legal and regulatory framework, and creating awareness on the use of e-payment solutions. With regard to e-commerce businesses, it would mean increasing awareness of finance opportunities, their capacity to build solid business plans, as well as facilitating women entrepreneurship.

This assessment is the first step towards supporting the Government in prioritizing strategic actions in the seven key policy areas listed in the Action Matrix. The Action Matrix is the results of intensive consultations with stakeholders during the preparation of the assessment. In a second step, UNCTAD will accompany MITS in developing an Action Plan, an operational tool for planning and implementing the priority actions as listed in the Action Matrix to accelerate Jordan's digital transformation, create an enabling environment for businesses, and foster e-commerce for sustainable development. Political will, inter-ministerial coordination, and effective resource mobilization, among others, are prerequisites for this to happen.



## THE WAY FORWARD: ACTION MATRIX

E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION				
	Indicative action	Expected outputs	Priority Level	Potential support by
1.1	Develop an action plan envisaged to provide an operational tool for planning and implementing the priority actions as defined in the eT Ready Action Matrix.	A national action plan for the development and growth of e-commerce is developed.	High	MITS, MoDEE, MoP, UNCTAD, int@j, JCI, ENTF, public and private sector, universities, civil society organizations
1.2	Establish an E-commerce National Task Force (ENTF), supported by a secretariat and a high-level steering committee that could be located within MITS, to develop the national e-commerce action plan, support, and monitor its implementation.	Coordination among stakeholders is strengthened, a unified vision and clear roles and responsibilities are reached. Integration of resources is increased.	High	MITS, MoDEE, UNCTAD
1.3	Conduct an analysis of e-commerce priority markets and products with export potential, including an assessment of the untapped potential provided by the signed free trade agreements.	Priority products/sectors and markets are identified for the action plan time frame. Policies are more targeted.	High	ENTF Secretariat, MITS, JEDCO, UNCTAD, ITC, Jordan Exports
1.4	Develop investment incentives packages for e-commerce startups and businesses, especially for youth and women.	MSMEs, entrepreneurs and women find it easier to engage in e-commerce.	Medium	ENTF, MITS, CMJ, JIC, UNCTAD
1.5	Strengthen national statistics collection and dissemination system to include accurate data on the e-commerce and the ICT sector, harmonize data to be aligned with international standards.	More accurate data on e-commerce is available to inform policy decisions.  Better data on ICT sector and Jordan's business environment are available to inform relevant policy decisions. This is important for investors seeking opportunities in e-commerce sector in the country.	High	MITS, MoDEE, MoP (DoS), TRC, JCI, JCC, int@j, UNCTAD, JC, ITU, UNESCWA
1.6	Establish a national online platform/database that includes information on national statistics for e-commerce, ICT, services provided by trade support institutions, e-commerce related projects, access to finance opportunities, research and studies of e-commerce, and ongoing projects on the digital economy, including e-commerce for all stakeholders, in particular companies and entrepreneurs. Lessons learned from the implementation of development projects, and training materials deployed by the different development programs.	Increased awareness of technical assistance available to e-commerce stakeholders.  MSMEs and entrepreneurs especially women and youth have access to updated information on e-commerce related initiative in Jordan.  Development projects and programmes design is improved. Policies are more relevant to private sector needs.	Medium	MITS, MoDEE, MoP, JCI, JCC, int@j, JEDCO, universities, UNCTAD
1.7	Provide e-government services at 100 per cent by assessing the bottlenecks in the legal and regulatory framework and limitations in financial resources and take appropriate action to overcome bottlenecks.	Bottlenecks to provide e-government services are identified. Needed actions are taken to fully provide e-government services.	High	MoDEE, WB, UNCTAD



E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION				
	Indicative action	Expected outputs	Priority Level	Potential support by
1.8	Conduct an analysis of social and environmental sustainability readiness for e-commerce.	A strategy and policies that will help minimize the risks posed to sustainable development by e-commerce and maximize the opportunities to offer social and environmental services.	Medium	ENTF, MITS, MODEE, UNCTAD, JLA, UPU, Jordan Post

ICT INFRASTRUCTURE AND SERVICES				
	Indicative action	Expected outputs	Priority Level	Potential support by
2.1	Review and assess investment requirements and investment promotion efforts in order to attract domestic and foreign investors for broadband deployment, including 5G.	Attain private investment in better infrastructure that will improve Jordan's vision to be a hub for e-commerce in the region.	High	ENTF, MoDEE, TRC, JIC, MITS, WB, WEF, telecommunication companies
2.2	Conduct a rapid assessment for the required investment time and financial resources to conclude 5G deployment in two years.	Findings will inform national planning and show opportunities for investors in 5G deployment.  Findings can inform investment promotion efforts for 5G deployment.	High	TRC, MoDEE, WB
2.3	Finalize the revision of the General Governmental Policy for Universal Service in the Telecommunication Sector to ensure a more inclusive environment through increased access to high-speed, affordable, and reliable Internet, and improved last-mile connectivity.	Disparities in Internet access are reduced, larger segments of the population have more access to e-commerce opportunities.	High	ENTF, MoDEE, TRC, private sector operators, ITU
2.4	Conduct a detailed analysis to identify the main challenges and reasons for the high cost of Internet use.	Findings will allow policymakers to take informed decisions on adjusting or drafting effective regulations to reduce the cost of Internet.  Cost of Internet use is lower.	High	TRC, MoDEE, private operators, ITU
2.5	Map and promote investment opportunities in the different ICT sector verticals, including cloud computing, IoT, AI and blockchain technology.	Higher investments in the ICT sector including cloud computing technology, IoT, and blockchain technology. Create more enabling environment for e-commerce and digital economy.	Medium	JIC, MoDEE, TRC, MITS, int@j

TRADE LOGISTICS AND TRADE FACILITATION				
	Indicative action	Expected outputs	Priority Level	Potential support by
3.1	Strengthen the competitiveness of the logistics service sector for local and foreign service providers.	Logistics services have improved. Delivery service providers are able to provide online sellers with effective, efficient, and feasible delivery solutions. Delivery costs are lower.	High	TRC, JLA, MoT, ENTf, JEDCO, GIZ, local and international freight forwarders



TRADE LOGISTICS AND TRADE FACILITATION				
	Indicative action	Expected outputs	Priority Level	Potential support by
3.2	Study the feasibility of the adopted JP business models.	Improve the performance of the JP and its value proposition in each business model. JP have a more informed decisions to serve the e-commerce sector and attain higher return on investment.	High	TRC, JP, UPU
3.3	Conduct a rapid assessment for JP to ensure it is going to meet its targets and do any necessary restructuring of its strategy to meet these deadlines, or to set new ones. The assessment should include updating the existing ORE, conducting a Digitalization Readiness for E-commerce assessment (DRE), conducting a postal Payment solutions Readiness for E-commerce assessment (PRE), and exploring potential opportunities, including for funding, like UPU's Quality Service Fund (QSF).	Higher coordination and integration to achieve national targets in e-commerce.	High	TRC, JP, UPU
3.4	Design and implement clustering initiatives in the trade logistics sector, including the establishment of hubs for Jordanian e-commerce exports in priority strategic markets.	Lower transaction costs. Strengthen competitiveness of Jordanian e-commerce exports.	High	MITS, JEDCO, JCI, JLA, Jordan Exports, UNCTAD, UNIDO, WB, ITC
3.5	Ensure the deployment of automatic processing and risk analysis of e-commerce consignments, ASYCUDAWorld module source codes and object-oriented design in the upgrading of current version of ASYCUDAWorld.	Allow Jordan Customs to easily adapt existing ASYCUDAWorld standard modules to national requirements that are quickly evolving in Jordan in the field of international e-commerce.	High	JC, UNCTAD, MoT, Development partners
3.6	Study the feasibility of an e-commerce hub, for example the e-commerce city proposed in Aqaba and compare its feasibility in other free zones and governorates. The feasibility study should include its attractiveness for local and international investors, including JP and private logistics and delivery companies.	Increased understanding of the conditions and requirements for e-commerce hubs to be attractive for local and foreign investments.	Medium	MITS, ADC, TRC, JC, JP, JLA, JIC, UNCTAD, UPU, World Free Zones Organization
3.7	Conduct a comprehensive assessment of the Digital and Sustainable Trade Facilitation indicators aiming to improve Jordan's current performance. This will include to analyze the requirements for establishing a single window for cross border e-commerce. Improve women, SMEs, and agriculture-related trade facilitation measures.	Digital and Sustainable Trade Facilitation indicators have improved, especially for cross border e-commerce.  Business environment for e-commerce companies has improved and is more inclusive.  Efforts and in particular results may contribute to Jordan's investment promotion efforts.	Medium	MoF, Jordanian Customs, MITS, TRC, UNCTAD
3.8	Complete the physical address system and set a detailed plan of action with clear budget, roles and responsibilities.	Improve the e-commerce ecosystem, faster and lower cost delivery.	Medium	MoDEE, TRC, MOT, JP, Ministry of Municipal Affairs, Greater Amman Municipality, other municipalities



PAYMENT SOLUTIONS				
	Indicative action	Expected outputs	Priority Level	Potential support by
4.1	Conduct an analysis to understand the impact of operating costs on market dynamics and recommend measures to promote digital payments.	Digital payments are increased, and usage encouraged.	High	ENTF, TRC, MoDEE, CBJ, Mobile operators, e-Wallets operators, banks, WB
4.2	Facilitate registration procedures for e-payments. Provide technical support during registration for e-payments. Introduce more user-friendly applications.	Percentage of online payments pushed up. Number of customers increased. Inclusiveness strengthened.	High	TRC, MoDEE, CBJ, int@j, Mobile operators, ABJ, JoPACC JP, UPU, e-Wallets operators, UNCDF, WB
4.3	Design and implement initiatives to promote and facilitate e-payments among MSMEs, including home-based enterprises.	MSMEs, home-based enterprises, and women entrepreneurs are encouraged to sell online using e-payment tools. Greater women participation in e-commerce.	High	E-payment service providers, CBJ, MITS, MoDEE, int@j, UPU, JP
4.4	Increase awareness and knowledge of consumers and private sector on the use of digital payments (e-Wallet and prepaid card, etc.) through clear explanatory materials. Emphasize the confidentiality and safety of transactions.	Number of online e-commerce and e-payment transactions increased. Increase trust by consumers and MSMEs in e-payments.	High	CBJ, MoDEE, ABJ, e-payment service providers, JP, UPU
4.5	Issue and promote clear return policies that could further increase trust among online consumers.	Consumers/buyers obtain right to return of payments in case of fraud or other issues. Increased trust in e-transactions, enabling e-commerce environment.	High	CBJ, ABJ, banks, e-payment service providers
4.6	Introduce financial and tax incentives for entrepreneurs and buyers using e-payments.	Higher e-commerce growth, larger number of consumers and MSMEs buy and pay online.	High	ENTF, CBJ, ABJ, UNCDF, banks and e-payments service providers
4.7	Conduct a market study on the most effective digital payment tools to promote e-commerce with focus on e-Wallets and prepaid cards, and design policies to promote these tools. Study should consider any gender gaps and recommend appropriate solutions.	Lower risk e-payment tools identified, larger number of consumers buy and pay online.	High	E-payment service providers, ABJ, CBJ
4.8	Develop policies and incentives to increase e-payments in all governorates.	Higher financial inclusion, increased e-payments, and e-commerce transactions.	Medium	ENTF, CBJ, ABJ banks and e-payments service providers, WB
4.9	Analyze and explore the potential of blockchain technology to improve digital payments and raise awareness of the findings and conclusions.	Better understanding of blockchain for the Jordanian context.	Medium	CBJ, MITS, JLA, MoDEE, TRC, int@j, private sector e-commerce service providers
4.10	Formalize and standardize the certification of mobile money e-commerce companies.	A more enabling environment for m-payment created. Higher trust among users created.	Medium	CBJ, e-payment service providers



LEGAL AND REGULATORY FRAMEWORK				
	Indicative action	Expected outputs	Priority Level	Potential support by
5.1	Design and implement e-commerce taxation mechanism including customs fees, procedures based on identified national objective for e-commerce and conduct an RIA.	An environment conducive to e-commerce is enabled, cross boarder e-commerce increased.	High	MoF/Customs, MITS, MODEE, JCC, JCI, UNCTAD
5.2	Finalize updating the Electronic Transactions Law to serve the needs of e-commerce and the digital economy, especially MSMEs following international best practice.	Improved engagement in e-commerce the digital economy. In particular, MSMEs will be better equipped to engage in online transactions. Laws comply with international best practice.	High	ENTF, MoDEE, ABJ, CBI, MITS, JCC, JCI, private sector companies, UNCITRAL
5.3	Revise the Quality and Consumer Protection Draft Law to address consumer protection online and accommodate the specific needs of e-commerce, in line with the United Nations Guidelines for Consumer Protection.	Consumers and enterprises are more protected online. Higher e-commerce growth.	High	ENTF, MITS, JCI, UNCTAD, private sector companies
5.4	Finalize and promulgate the Data Protection and Privacy Law based on international best practices.	Consumers and enterprises have more trust, allowing them to engage in online transactions.	High	ENTF, MITS, MoDEE, CBJ, NCSC, UNCTAD
5.5	Revise the Cybercrime law to accommodate e-commerce needs.	Consumers and enterprises are more protected. E-commerce environment is empowered.	High	ENTF, Ministry of Justice, MITS, MoDEE, CBJ, WB, UNCTAD
5.6	Improve the business registration process for e-commerce businesses, especially for startups and women entrepreneurs. Provide incentives for registration.	Speed up procedures for starting a business and make it simpler, and affordable. Increase the proportion of formally registered companies.	High	MITS, JCI, JCC, UNCTAD
5.7	Review the requirements and procedures for foreign professionals with essential skills for e-commerce to provide their services to Jordanian companies, universities, incubators etc., and recommend more efficient and effective requirements.	Requirements for attracting and introducing foreign talent improved.	Medium	ENTF, MITS, UNCTAD
5.8	Raise awareness among businesses about existing e-commerce related laws and regulations.	Businesses are more aware of their rights and feel more secure.	Medium	ENTF, MITS, CBJ, MODEE, UNCTAD
5.9	Conduct an analysis to explore the need for a dedicated e-commerce law in light of the current work on developing an electronic sales bill, and to ensure that any law promotes innovation in and expansion of e-commerce sector.	The competitiveness of e-commerce businesses is strengthened. E-commerce sector attractiveness for investments increased.	High	ENTF, MITS, UNCTAD
5.10	Study the need for adopting a special law that supports creating an enabling environment for startups based on policies prepared under the Facilitating Entrepreneurial and Startup Businesses initiative.	Startups' competitiveness strengthened. Larger number of entrepreneurs sustain their businesses. Barriers to entry for new firms reduced.	Medium	MoDEE, Jordanian Strategies Forum, J-Core Program, MITS, ISSF, JIC, UNCTAD



E-COMMERCE SKILLS DEVELOPMENT				
	Indicative action	Expected outputs	Priority Level	Potential support by
6.1	Establish a national e-marketplace to serve as an incubator for local MSMEs e-commerce activities.	Make a breakthrough in online sales, especially for MSMEs, youth and women entrepreneurs. Provide a learning curve for MSMEs.	High	ISSF, MITS, JEDCO, MoDEE, JCC, JCI, BPWA UNCTAD, ITC, DPs
6.2	Establish a local aid coordination working group between development partners and national stakeholders in e-commerce.	Higher coordination and integration between development partners, and between development partners and national stakeholders in the e-commerce sector.	High	ENTF, MTIS, UNCTAD
6.3	Develop a mechanism to raise awareness among MSMEs about existing development programmes and create linkages between the two sides.	MSMEs have higher access to capacity-building programmes in e-commerce. Higher local and international e-commerce transactions created.	High	MITS, JCI, MoDEE, int@j, JEDCO
6.4	Include MITS, JEDCO, and int@j in the YTJ project steering committee and adopt e-commerce as one of the priority areas. Launch an awareness programme on e-commerce for consumers and MSMEs.	Maximize the project contribution to developing the e-commerce agenda.	High	MoDEE, MITS, UNCTAD, JE, ITC
6.5	Design, fundraise and implement a special project focusing on increasing Jordanian manufacturers usage of e-commerce solutions to expand locally and penetrate international markets through providing smart incentives that share costs and risks.	MSMEs are encouraged to register, take risk, and adopt e-commerce solutions.	High	MITS, JEDCO, JCI, CBJ, MoDEE, BPWA, UNCTAD, ITC, DPs
6.6	Design and introduce entrepreneurial training on developing relevant business models, build the managerial and administrative capacity of entrepreneurs, branding, marketing, use of social media, and web development. Include the provision of needed national and international expertise at the early stages of business setup and provide internship opportunities as an initial capacity-building step for entrepreneurs before establishing their own business.	Managerial capacity of entrepreneurs built. Investors are willing to invest in well-managed startups. Business continuity strengthened.	High	MITS, MoDEE, JEDCO, YTJ, TVSDC/ Digiskills, JE, universities
6.7	Design and provide a capacity-building programme for the public sector actors to develop the skills needed for creating an enabling environment for e-commerce, including judges and policymakers.	Understanding of e-commerce is increased among key stakeholders for further decision-making process.	Medium	MITS, MoDEE, UNCTAD, ITC
6.8	Organize job fairs, and conferences on e-commerce related topics for universities and vocational training centers in collaboration with public and private sector TSIs.	Increased awareness on job opportunities in the different sectors of importance to e-commerce, connecting business and future employers, etc.	Medium	MITS, MoDEE, Ministry of Higher Education and Scientific Research, YTJ, TVSDC/Digiskills, universities



ACCESS TO FINANCING				
	Indicative action	Expected outputs	Priority Level	Potential support by
7.1	Develop programmes to provide support for MSMEs and entrepreneurs to access zero interest rates loans, export finance, and operational costs.	Startup's ecosystem improved. Access to finance for MSMEs increased.	High	ENTF, CBJ, DPs, MITS, MoDEE, JCI, JEDCO, WB
7.2	Establish a special accelerator for e-commerce startups as a joint initiative between the chambers of commerce and universities.	Specialized services for startups in the e-commerce enabled and promoted; research conducted by universities is more focused on e-commerce.	High	ISSF, MITS, JCI, JCC, JE, universities, WB
7.3	Develop the needed policies and requirements to attract establishment of Venture Capital funds and companies as equity-based financing.	Entrepreneurs have more access to launch or grow their e-commerce start-ups.	High	MITS, CBJ, ISSF, JIC
7.4	Provide capacity-building programme to support MFIs in the design of special and innovative products for e-commerce entrepreneurs.	Small entrepreneurs, especially women, have higher access to finance.	Medium	Tanmeyah, MFIs, WB, DPs
7.5	Establish technical and professional standards for incubators, accelerators, business consultancy service providers, and trade support institutions providing services for startups in the e-commerce sector. Deploy programmes to build their capacity according to the set standards.	The quality of services provided for startups in the e-commerce sector improved. Startups' competitiveness strengthened.	Medium	TVSDC, MITS, MoDEE, int@j, JCI, JCC, WB





# Annex I: Jordan country profile on etradeforall.org



COUNTRY PROFILE: JORDAN

Contact: [info@etradeforall.org](mailto:info@etradeforall.org)

**GENERAL INFORMATION - 2019**

<b>Population</b> 10.1 Millions	<b>GDP</b> 43 361 Millions current US\$	<b>Merchandise trade</b> 27 650 Millions current US\$
<b>Internet users</b> 6.7 Millions	<b>GDP growth</b> 1.9 %	<b>Land area</b> 88 780 km <sup>2</sup>

Source: UNCTAD and ITU (complete URL addresses in the General Notes)

**E-COMMERCE ASSESSMENT - 2017-20**

<b>Rank in UNCTAD B2C E-commerce Index</b> 76/152	<b>Rank in ITU ICT Development Index</b> 70/176	<b>Rank in WEF Networked Readiness Index</b> 69/134
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Source: UNCTAD, ITU and WEF (complete URL address in the General Notes) Note: 1 = Best

**ICT INFRASTRUCTURE AND SERVICES - 2019**

Per 100 inhabitants

Internet users, 66.8	Fixed broadband subscriptions, 4.7	Active mobile broadband subscriptions, 77.0
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**Fixed broadband Internet tariffs, PPP \$/month**

Highest tariff: 549.2	JORDAN, 70.1
Median tariff: 40.3	
Lowest tariff: 5.4	

Source: ITU (complete URL address in the General Notes)

**PAYMENTS - 2017**

Debit card used in the past year	JORDAN, 7.3	WESTERN ASIA, 40.2	WORLD, 32.6
Credit card used in the past year	JORDAN, #N/A	WESTERN ASIA, 30.1	WORLD, 29.3
Mobile phone or the internet used to access a financial institution account in the past year	JORDAN, 3.8	WESTERN ASIA, 20.8	WORLD, 23.2

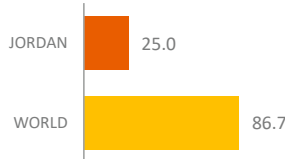
Source: World Bank (complete URL address in the General Notes) Per 100 inhabitants



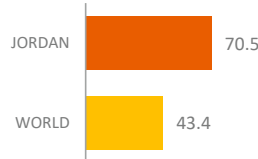
COUNTRY PROFILE: JORDAN

TRADE LOGISTICS - 2017-19

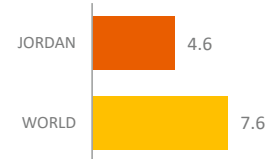
Percent of population having mail delivered at home



Postal reliability index (0 to 100, 100 = Best)

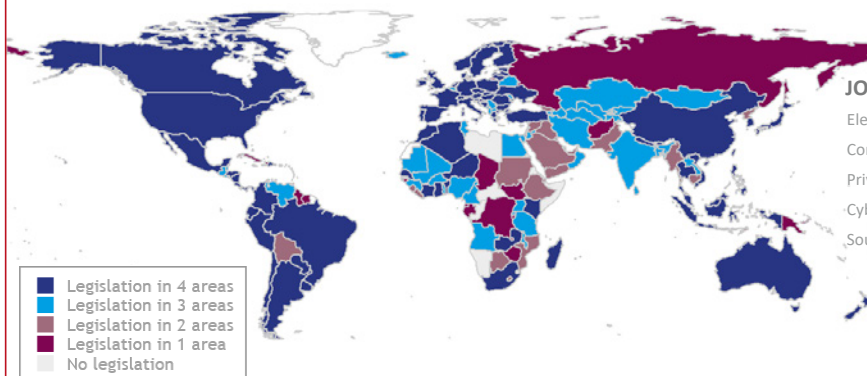


Days to clear direct exports through customs



Source: UPU and World Bank (complete URL addresses in the General Notes)

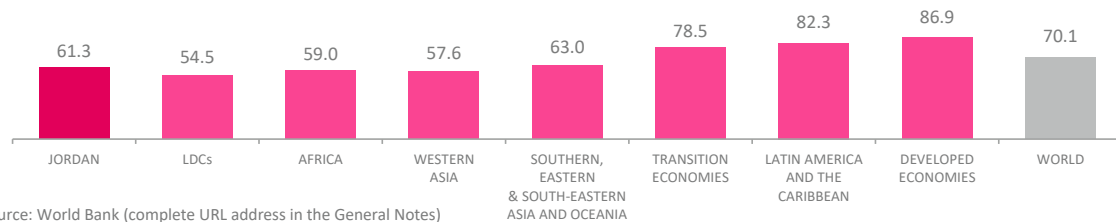
LEGAL AND REGULATORY FRAMEWORKS - 2020



For more information see: [http://unctad.org/en/Pages/DTL/STI\\_and ICTs/ICT4D-Legislation/eCom-Global-Legislation.aspx](http://unctad.org/en/Pages/DTL/STI_and ICTs/ICT4D-Legislation/eCom-Global-Legislation.aspx)

SKILLS DEVELOPMENT - 2013-17

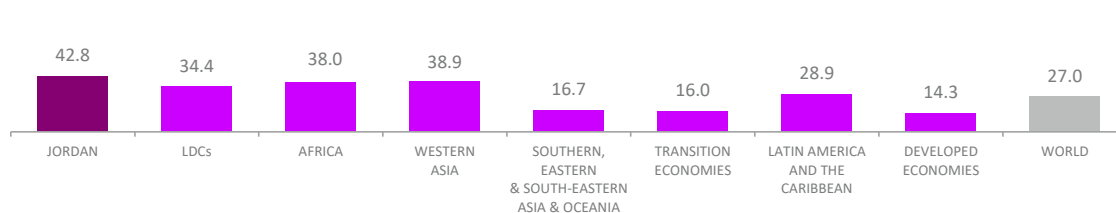
Percentage of firms using e-mail to interact with clients/suppliers



Source: World Bank (complete URL address in the General Notes)

FINANCING FOR eCOMMERCE - 2013-17

Percentage of firms identifying access to finance as a major constraint



Source: World Bank (complete URL address in the General Notes)



## Annex II: Bibliography and websites used

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## Annex III: List of UNCTAD eTrade Readiness Assessments

- Côte d'Ivoire: Évaluation de l'état de préparation au commerce électronique (February 2021).
- Iraq: eTrade Readiness Assessment (November 2020).
- Niger: Évaluation rapide de l'état de préparation au commerce électronique (July 2020).
- Bénin: Évaluation rapide de l'état de préparation au commerce électronique (June 2020).
- Malawi: Rapid eTrade Readiness Assessment (May 2020).
- United Republic of Tanzania: Rapid eTrade Readiness Assessment (May 2020).
- Mali: Évaluation rapide de l'état de préparation au commerce électronique (February 2020).
- Kiribati: Rapid eTrade Readiness Assessment (December 2020).
- Tuvalu: Rapid eTrade Readiness Assessment (November 2019).
- Lesotho: Rapid eTrade Readiness Assessment (June 2019).
- Bangladesh: Rapid eTrade Readiness Assessment (March 2019).
- Islamic Republic of Afghanistan: Rapid eTrade Readiness Assessment (March 2019).
- Madagascar: Évaluation rapide de l'état de préparation au commerce électronique (December 2018).
- Zambia: Rapid eTrade Readiness Assessment (December 2018).
- Uganda: Rapid eTrade Readiness Assessment (December 2018).
- Burkina Faso: Évaluation rapide de l'état de préparation au commerce électronique (October 2018).
- République du Togo: Évaluation rapide de l'état de préparation au commerce électronique (October 2018).
- Solomon Islands: Rapid eTrade Readiness Assessment (July 2018).
- Republic of Vanuatu: Rapid eTrade Readiness Assessment (July 2018).
- République du Sénégal: Évaluation rapide de l'état de préparation au commerce électronique (July 2018).
- Liberia: Rapid eTrade Readiness Assessment (April 2018).
- Lao People's Democratic Republic: Rapid eTrade Readiness Assessment (April 2018).
- Myanmar: Rapid eTrade Readiness Assessment (April 2018).
- Nepal: Rapid eTrade Readiness Assessment (December 2017).
- Samoa: Rapid eTrade Readiness Assessment (October 2017).
- Bhutan: Rapid eTrade Readiness Assessment (April 2017).
- Cambodia: Rapid eTrade Readiness Assessment (April 2017).

**All reports are available on the website:** <https://etradeforall.org/dev-solution/unctad-et-readies/>









