Jordanian Expatriates:

A Challenging Opportunity

March 2017

منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

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1. Executive Summary

The number of Jordanian expatriates is estimated to have reached 782,015 persons in 2013, the majority of which reside in Gulf Corporation Council (GCC) member countries; furthermore, it is estimated that there are 300,000 Jordanians in Saudi Arabia alone (World Bank, 2016). The majority of those employed in GCC states are highly skilled and are concentrated in the IT, financial, and medical sectors (Gharaibeh, 2016). Should for any reason these expats return suddenly to Jordan from hosting countries, Jordan's ability to absorb these possibly returning Jordanian into the economy should be addressed. However, in the event that happens, it would contribute to accomplishing what the country has failed to do during the past years; partially reversing the brain drain the country has been suffering.

From previous experiences, the arrival of many expatriates produced a period of accelerated economic growth similar to the periods when Jordanians returned from Kuwait during the First Gulf War and when Iraqi nationals came to Jordan during the Second Gulf War. Hence **it is expected that the return of expats would accelerate economic growth in the following years of their return**. However, previous experiences also showed that the majority of the returning expatriates resided in the most populated governorates like Amman, Irbid, and Zarqa, thereby putting further strain on the infrastructure and public services in these governorates. **The return of expats at any time is expected to follow the same pattern, stressing these governorates even more.** Furthermore, statistics show that **it may be expected that prices will initially rise, and imports should increase** due to Jordan's reliance on imports. **The labor market as-is will not be able to absorb such a large number of sudden entrants,** especially with its current structural issues.

Another important issue is tackled in this study; the remittances received by Jordan from its expatriates, which have played a long and important role in the lives of its citizens. These remittances will stop if these expats come home. According the World Bank, Jordan received approximately JD3,792 billion in personal remittances in 2015. Personal remittances, according to the World Bank, include both worker compensation and personal transfers. Remittances have many benefits for those receiving them; they are used to increase the standard of living of the receiving family, fund education, health, investment in inheritable assets, and in some cases for the investment in small businesses. However, remittances also have negative impacts on a country. For instance, remittances have been linked with the delay of policy reforms, upgrades in public infrastructure and public services, as remittances go some way in making up for shortcomings in this regard. Consequently, **in the case that a significant source of remittances were to be suddenly made inaccessible, it may be expected that calls for reform and upgrades will be magnified.**

Studies show that the majority of global remittances received by developing countries are spent on the improving living conditions and consumer items, with only a small portion being invested in income and employment generating activities. This can be rectified with the introduction of policies that incentivize the investment of remittances. The prerequisite for the effective formulation of such policies is acknowledging the factors deemed important by migrant investors. These factors include, but are not limited to, administrative efficiency, corruption, administrative procedures, investment promotion, labor costs, business related services, and keeping family and community relations. Furthermore, the limitations of migrant investments must also be taken into account, these include:

1. Relatively small size of investments, which necessitates the formulation of instruments and interventions that consolidate these funds.
2. Lack of migrant investors' knowledge of the sectors, enterprise sectors, and labor market entails the necessity of providing market information and facilitating relationships with local businesses.
3. Choices in selecting the destination of these investments are heavily based upon family ties.

Taking into account both the factors important to migrant investors and the limitations of migrant investments, government policies related to encouraging investment of remittances should take the following forms:

1. Enhancing business procedures
2. Encouraging entrepreneurship programs
3. Promotion of investment in financial sector and financial intermediaries
4. Investment and donations in community projects

The return of Jordanian expatriates at any time could prove a challenge with the current state of affairs in the country. However, if the correct policies are implemented, the return of these expatriates will prove to be boon to Jordan and their return should therefore be seen as an opportunity. The **policies** should be geared towards incentivizing the investment of these expatriates' funds, as well as **incentivizing the investment** of the remittances they currently send. Furthermore, a special focus should be given on **outreach** and the supply of information, business facilitation services, and ensuring the availability of access to finance. The focus on these three items will help in guiding the returning expatriates towards entrepreneurship and thereby increase size of the private sector and growth of the economy. Consequently, JSF recommends the following:

1. Expats should be encouraged to invest part of their remittances today in the different economic activities in Jordan, which can be facilitated by giving them the right incentives and facilitation. This will help in reaching economic growth targets and will help them sustain an income that will be maintained upon their return.

2. Direct expatriate investments towards portfolio investments. Returning expatriates should be directed to portfolio investments composed of high value added economic activities. Hence, Jordan should facilitate the establishment of such portfolios

3. Introduce an active outreach program as soon as possible

4. Promote investment in the governorates.

5. Implement Community Development Programs similar to the 3X1 scheme implemented in Mexico. The introduction of such a funds matching program will allow for the development of the infrastructure in less developed governorates at a lower cost to the government.

6. Benefits for returning expatriates should be reviewed, and some benefits similar to those given to foreign investors needs to be considered.

7. Encourage entrepreneurship training for expats during summer time when they visit home or through embassies.

8. Access to Finance; the current situation in Jordan in regards to access to finance must be rectified if it is hoped that these returning expatriates invest in high value added economic activities.

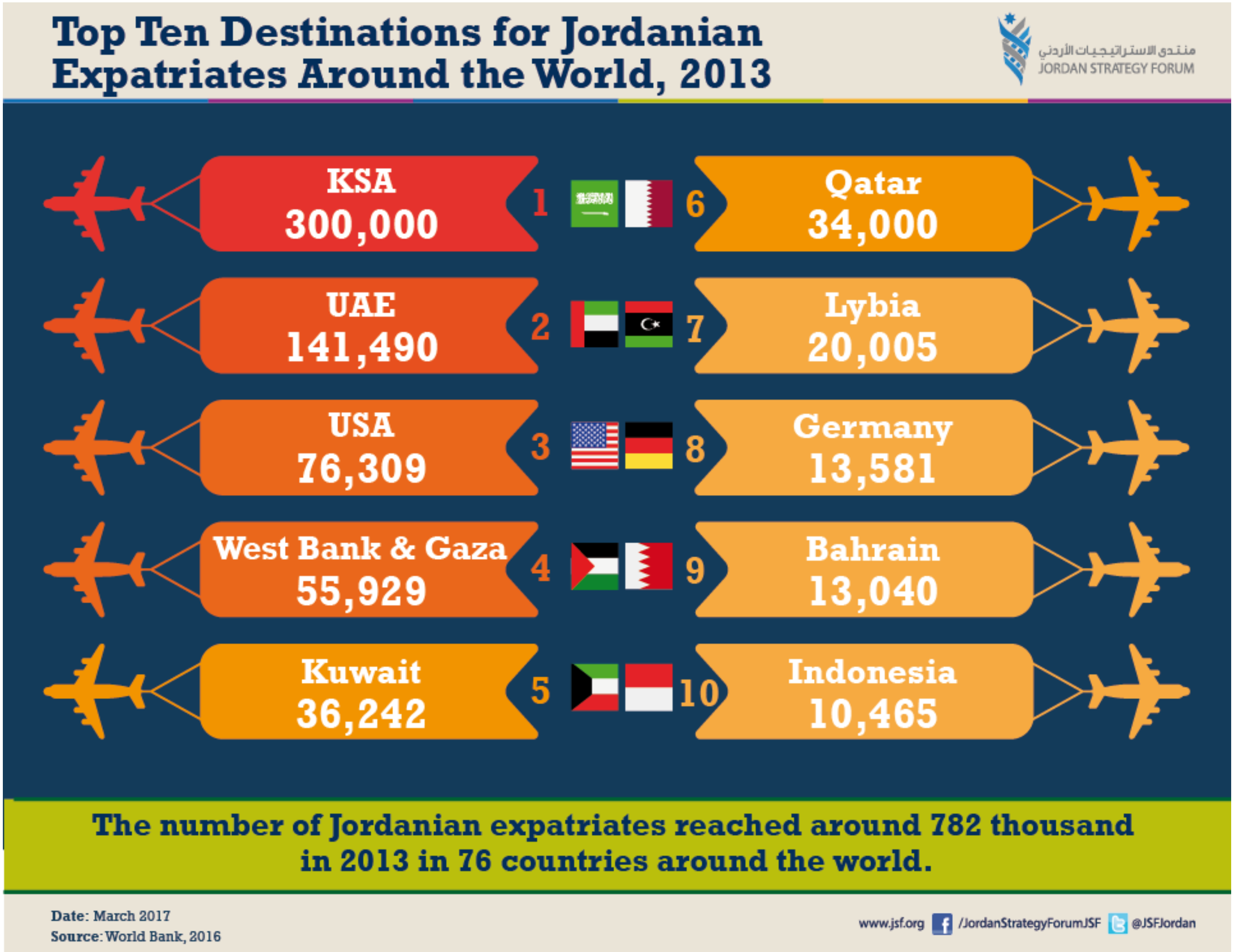
9. Development Bonds were issued by the Central Bank of Jordan in late 2015. It is recommended that such bonds be made specifically to allow expatriates to directly invest in their home areas, hopefully increasing their rate of success.

10. The main challenges faced by the Industrial Sector should be addressed in order to encourage expats to invest in this sector.

2. Introduction

The number of Jordanian expatriates is estimated to have reached 782,015 persons in 2013, the majority of which reside in Gulf Corporation Council (GCC) member countries; furthermore, it is estimated that there are 300,000 Jordanians in Saudi Arabia alone (World Bank, 2016). Figure (1) shows the numbers of Jordanian expatriates in the top 10 receiving countries. The majority of those employed in GCC states are highly skilled and concentrated in the IT, financial, and medical sectors (Gharaibeh, 2016). Should for any reason these expats return suddenly to Jordan from hosting countries, Jordan's ability to absorb these possibly returning Jordanian into the economy should be addressed. However, in the event that happens, it would contribute to accomplishing what the country has failed to do during the past years; partially reversing the brain drain the country has been suffering from.

Figure 1: The Number of Jordanian Expatriates in the Top 10 Receiving Countries



Brain drain is a term used to describe the migration of human capital resources, and mostly applies to highly educated immigrants from developing countries to developed countries; it is considered a hindrance to these developing countries in regards to development (Docquier, 2014). This migration may occur for a variety of reasons, ranging from undesirable living conditions, lack of available employment, to political instability (Rosenzweig, 2005). Though there have been varying views on the effects of a country experiencing a brain drain, it has been argued that receiving countries benefit from the investment in human capital in regards to training and education for no cost. This is because the investment has been made by the sending country, and concurrently negatively effecting the development of the sending country (Aspen Institute Italia, 2012).

The migration of skilled human capital lowers the average skill level present in the sending country, and may lead to the sending country being deprived educationally and economically (Rosenzweig, 2005). This can be resultant in the sending country losing its capacity and the resources to sustain itself (Rosenzweig, 2005). The possible dire consequences of brain drain have led to a number of countries to implement brain drain reversal programs incentivizing the return of the expatriates. In the case of Hungary, a monthly salary is offered to expatriates to return (news.com.au, 2015).

Consequently, the possible return of Jordanian expatriates should be seen as an opportunity in both the short and long-term development of the Kingdom. Furthermore, despite the possibility of there being initial difficulties in adjustment, the skills brought back by these returning citizens should be viewed as a previously untapped resource that can contribute greatly to the economic development of the country, and possibly expanding the private sector.

The following study is broken down into three main sections. The first section attempts to identify the effects of the return of expatriates on certain economic indicators. The second section is dedicated to remittances, as they represent the main benefit from the migration of human capital. The final section will provide recommendations to be implemented in preparation for the return of the expatriates. These recommendations may also be used to incentivize expatriates to come back or start investing in Jordan.

3. Expatriates return & expected effects on the Jordanian Economy

Annex –A- addresses in detail selected economic indicators, and the way in which these items will be affected by the sudden return of a large number of expatriates. This section summarizes the effects on these indicators.

3.1 Population

The population of Jordan as of January 24, 2017 reached approximately 9.81 million according to the Department of Statistics Population Clock. However, for the purposes of this study the population distribution by Governorate of the Population and Housing Census 2015 was more suitable. The census states the total population of the Kingdom as of December 2015 reached 9.53 million, entailing a growth of 2.97% in the past 13 months. The population distribution by governorate is provided in Table (A1) in Annex –A-.

Amman by far has the largest population among the governorates with 42.04% of the total population residing in it. The next largest governorate in terms population is Irbid, accounting for 18.57% of the population, while the third largest is Zarqa with 14.32% of the population. Together the three governorates of Amman, Irbid, and Zarqa are home to 74.93%, or 7.14 million, of the entire population of Jordan.

These statistics show the centralized nature of the country, as roughly three-fourths of the population is located in the capital, Irbid, and Zarqa. Furthermore, in the event that large numbers of expatriates do return, it shows the possible distribution of where these expatriates would return. **The possible return of these expatriates would place further strain on already insufficient infrastructure in the three most populated governorates, and exacerbate the issues faced in regards to the internal migrations of Jordanians from less developed governorates to these three.** Moreover, the return of these expatriates will place further stress on public services, including education and health services. However, there would be great difficulty in assessing to what extent the level of strain placed on these services would be. Due to the skill level possessed by these expatriates and the elevated wages they received in the country in which they previously resided, they may opt to enroll their children in private schools and join private health insurance networks.

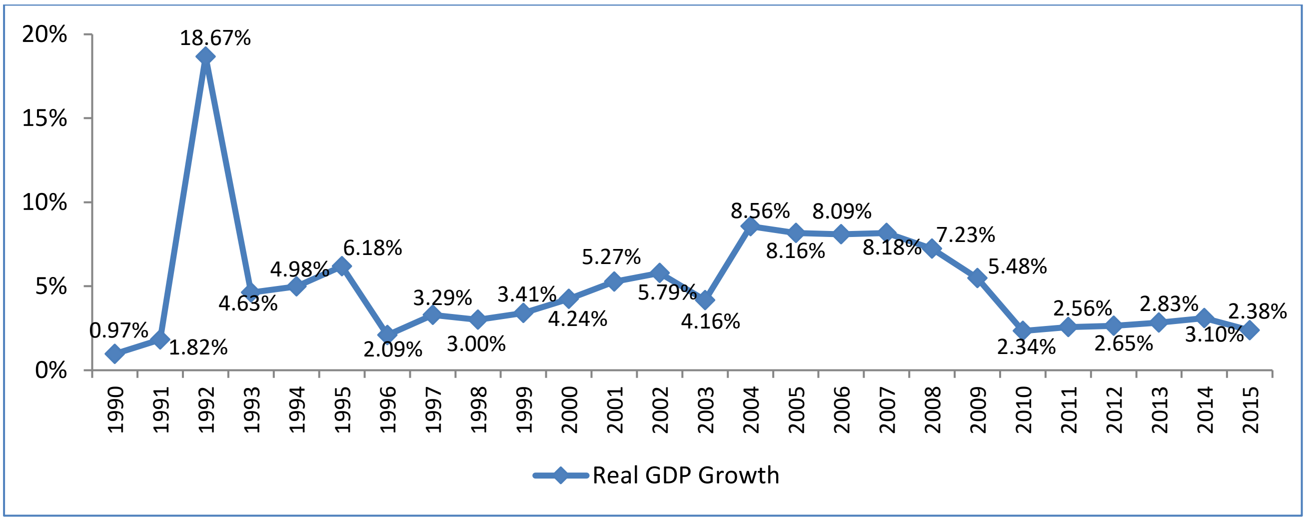
3.2 Real GDP

The sudden influx of repatriated Jordanians, and their savings, will most probably lead to a significant increase in real GDP growth. Parallels may be drawn to the return of Jordanians from Kuwait during the First Gulf War. Figure (2) shows that real GDP growth in 1990 was a lowly 0.97%, followed by a slightly improved 1.82% in 1991. In 1992, real GDP growth rose steeply to 18.67% as Jordanians who were residing in Kuwait returned. Despite growth falling to much more subdued levels in the three years following, growth remained much higher than that of previous years.

Another period in which a population influx into Jordan contributed to higher growth rates was during the more recent 2003-2008 period. The onset of the war in Iraq in 2003 led to large numbers of Iraqi nationals fleeing the warzone with many migrating to Jordan. The effect of their migration in 2003 is seen in the 8.56% growth in real GDP in 2004, and GDP growth of 8% or higher in the three following years. There were, however, three factors that came into play to increase growth: the arrival of Iraqi nationals, the increase in the presence of the United Nation agencies and their subsequent spending, as well as an increase in foreign aid which in 2003 and 2004 reached (according to Capital Bank of Jordan figures) JD 687.7 million and JD 667 million respectively. Consequently, it is probable that the return of a large number of Jordanian expatriates will lead to temporary high rates of economic growth.

Figure (2) below provides the real GDP growth rate for 1990-2015 period:

Figure 2 Real GDP Growth, 1990-2015



Source: World Development Indicators, World Bank

3.3 Consumer Price Index

The consumer price index (CPI) is a measure of changes in the price level of a basket of consumer goods and services purchased by households.

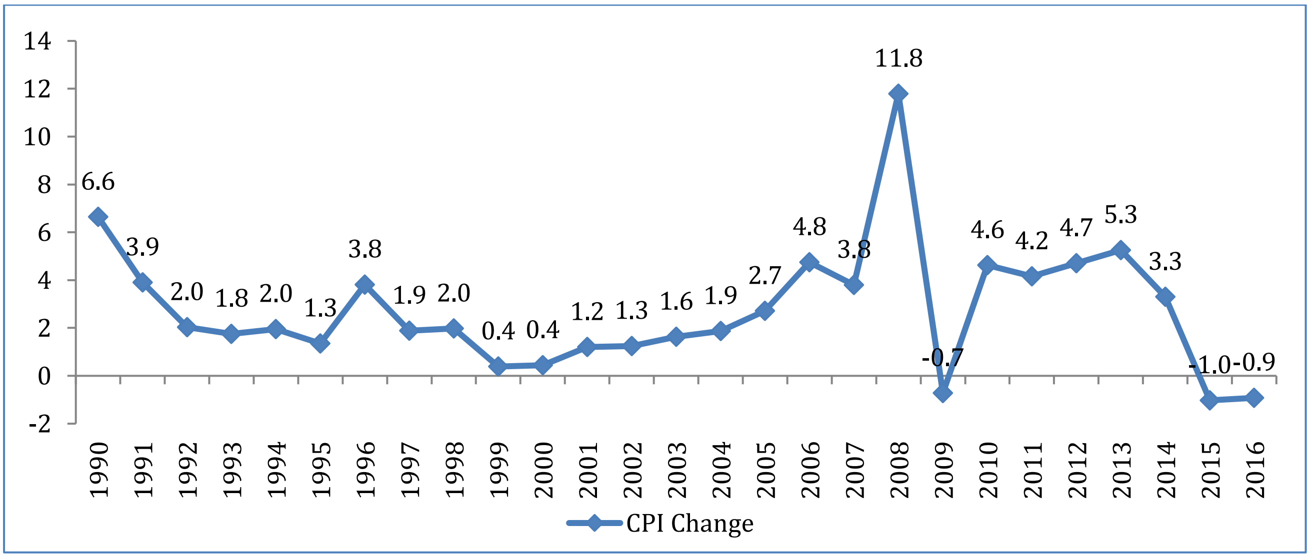
The effect of the arrival of expatriates from Kuwait, as well as the possible effects of the First Gulf War, on the CPI may be seen in the figure below. Figure(3) shows that CPI increased by approximately 21.9 in the 1989-1995 period. The largest increase occurred in 1990, in which the CPI increased by 8.2, followed by the increase of 4.9 in 1991. The Jordanians in Kuwait began returning to Jordan in the summer of 1990. However, after the initial significant increases in 1990 and 1991, the CPI continued to increase at rates of not more than 2.5 per year. Furthermore, it should be noted that Jordan was in the midst of a financial in 1988-1989 during which the country witnessed an approximate 50% decrease in the value of JD (Muahser, 2013).

The other instance in which Jordan received a large number of people was the arrival of Iraqis in 2003 due to the Second Gulf War. The effect on the CPI is also clear in this instance; however, the effect on the CPI is most clearly seen in 2005 and 2006. The migration of Iraqis in large numbers was mainly in 2003 and 2004 (Sasson, 2011). The CPI increased in 2005 by 3.2 to reach 94.1, and increased a further 5.9 in 2006 to reach 100.

In the event of the return of expatriates en masse, it may be expected that prices will rise temporarily, however supply will catch up to demand and the increased size of the market will prove a boon for local businesses. The prices will increase in the housing sector and real estate sector. Most likely rent will increase, but not by the 7.7% witnessed with the arrival of the Syrians (Abdih and Geginat, 2014), as these returning expatriates will for the most part have homes or family homes to return to.

Figure (3) provides the change in CPI for the 1990-2015 period:

Figure 3 Change in CPI, 1990-2016



Source: Statistical Database, Central Bank of Jordan

3.4 Trade

IMPORTS

EXPORTS

Will increase noticeably if incentivized to invest in value added products and services

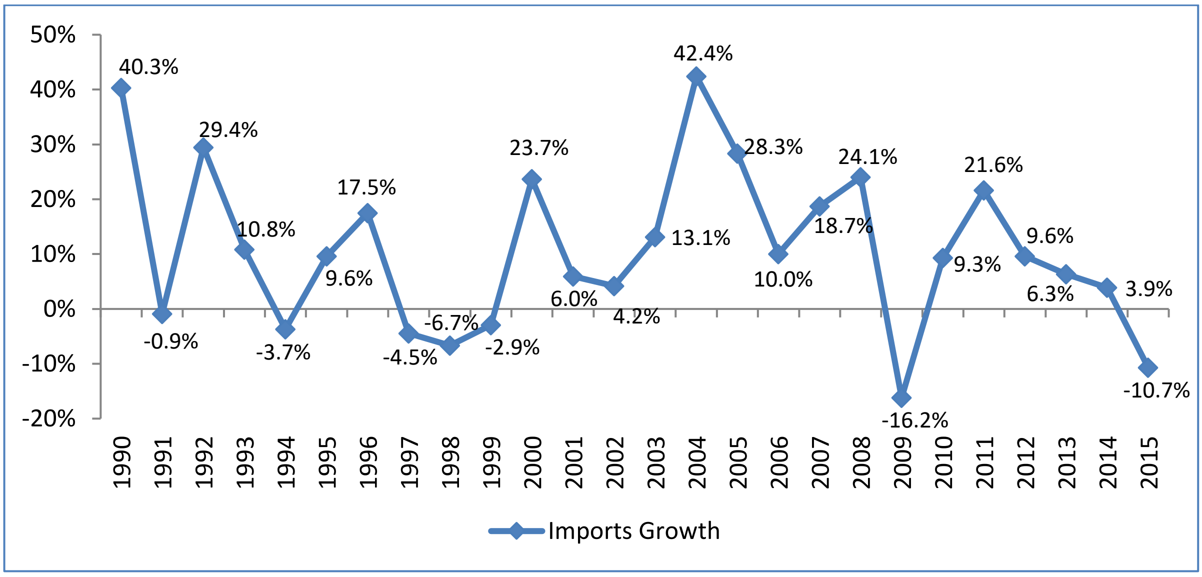
3.4.1 Imports & Exports

Imports grew by 12.7%, or JD 483.16 million, during the 1988-1993 period. In 1992, imports grew by approximately 29.4%, approximately JD 504 million, to reach JD 2,214 million from JD 1,710 million in 1991. The value of imports grew by a further 10.8% in 1993 to reach JD 2,453 million. Figure (4) below provides the growth of imports for the 1990-2015 period.

The arrival of Iraqi nationals heralded a significant growth in imports. Imports grew 13.1% in 2003, and then grew a further 42.4% in 2004. This means that the value of imports in 2004 was approximately JD 2,200 million higher than the JD 3,599 million of 2002. Imports continued to grow at higher rates in 2005 and 2006 in comparison to the years prior to the arrival of the Iraqis with growth rates of 28.3% and 10.0% respectively (for details check Annex –A-).

Jordan is heavily reliant on imports, especially in regards to satisfying its food and energy needs. Consequently, it is to be expected that any large increase in the population, such as the return of expatriates, will necessitate increased imports, as the increased demand requires increased supply. This increase in imports will in turn be reflected upon the trade balance and the balance of payments.

Figure 4 Imports Growth, 1990-2015



Source: Yearly Statistical Data "50th"and Statistical Database, Central Bank of Jordan

Exports will mainly be affected by whether these returning expatriates, and the funds and skills they bring with them, are directed into value added economic activities. For instance, if they provide services or manufacture products that may be potentially exported rather than investing in low value added generating investments such as real estate and collecting rent.

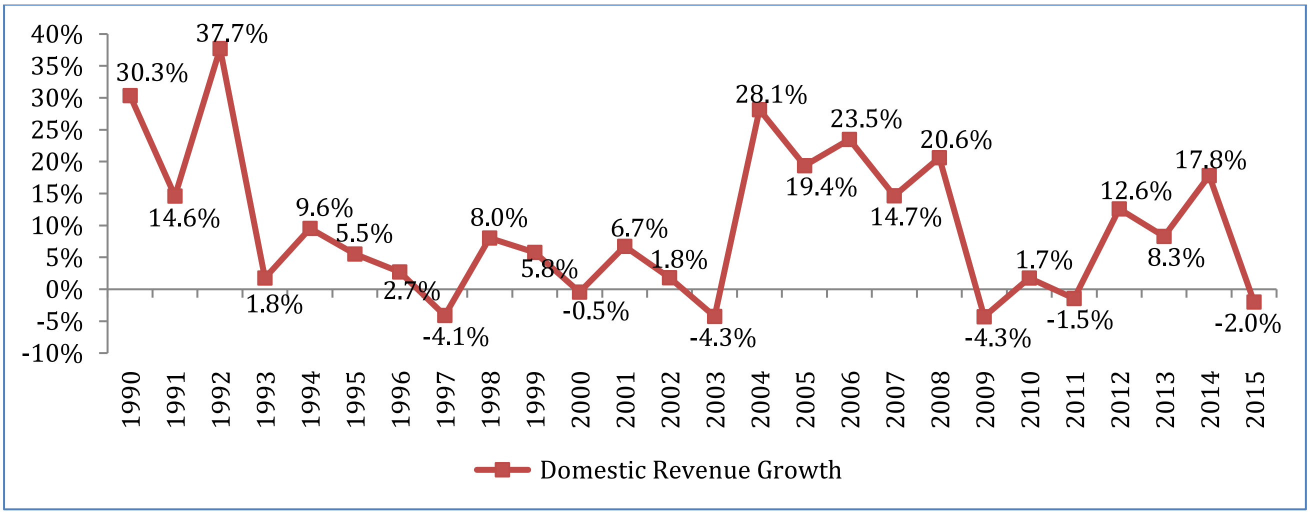
3.5 Public Finance

3.5.1 Government Domestic Revenues

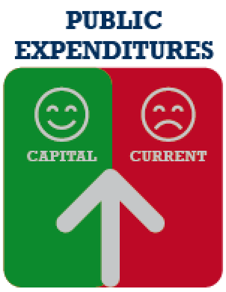
Domestic revenues during the 1991-1995 period grew by approximately 82.7%, rising from JD 886.8 million to reach JD 1,602 million. The year with the highest growth rate was 1992, with growth reaching 37.72%. However, the following year, 1993, domestic revenues only grew by 1.78%; but then increased to 9.56% in 1994, and almost doubled to 18.96% in 1995. Figure (5) below shows government domestic revenues growth during the 1990-2015 period.

Domestic revenues grew by approximately 80.8% from JD 1,750 million in 2002 to reach JD 3,164.4 million in 2006. The year with the highest growth rate of 28.4% is 2004, with domestic revenues continuing to grow at high rates for the remainder of the period with rate of 19.36% and 23.47% in 2005 and 2006 respectively. In the case that a large number of expatriates do return suddenly to Jordan en masse, it may be expected that government domestic revenues will increase substantially.

Figure 5 Government Domestic Revenues Growth, 1990-2015



Source: Yearly Statistical Data "50th" and Statistical Database, Central Bank of Jordan



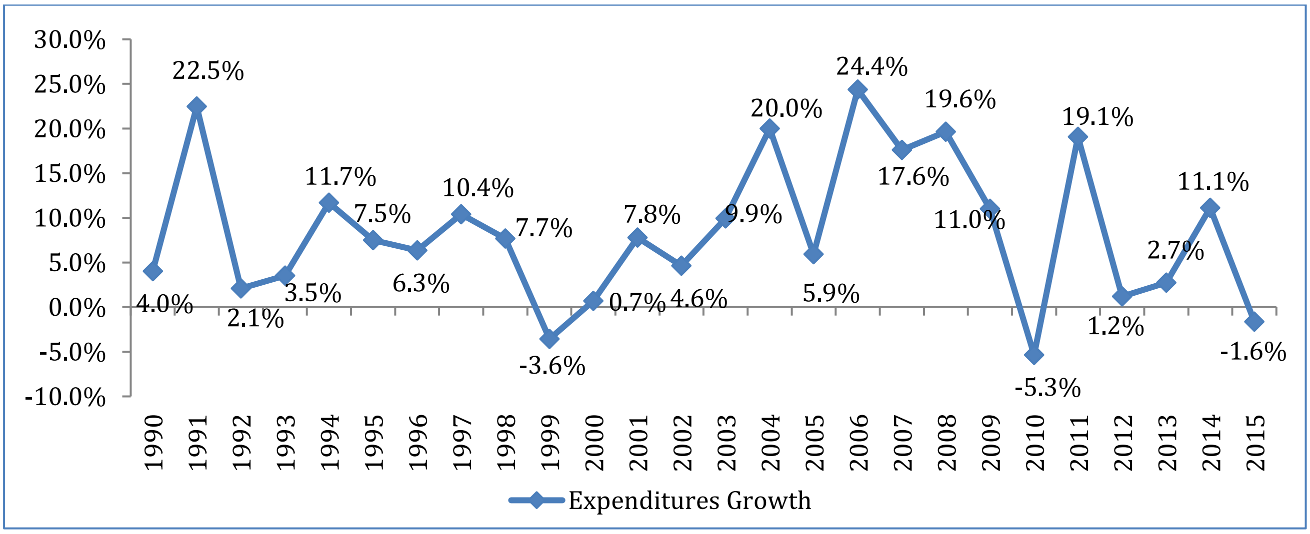
3.5.2 Public Expenditures

Despite the great increase in domestic revenues during the 1991-1995 period, public expenditures only rose by approximately 26.9%. Public expenditures only increased by approximately 2.09% in 1992, and increased by a further 3.52% in 1993. However, in 1994 public expenditures increased by approximately 11.68% to reach JD 1,492.7 million and increased further in 1995 by 7.51% to reach JD 1,604.8 million. Figure (6) below shows public expenditures growth for the 1990-2015 period.

Public expenditures grew by JD 1,638.7 million, or 73.8%, from JD 2,221.7 million to JD 3,860.4 during the 2002-2006 period. The largest growth rate in public expenditures was in 2006, in which they grew by approximately 24.4%, followed by 2004 in which public expenditures grew by 20%. However, it must be noted that in 2006, the growth rate for public expenditures is higher than the growth rate of public revenues despite there being a significant 23.5% in domestic revenues.

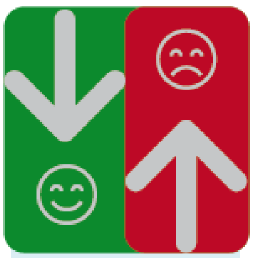
In the case that there is a sudden return of expatriates, it may be expected that the increased domestic revenues will tempt the government to increase public expenditures. This increase in expenditures in itself should not be considered detrimental, especially if the increased funds are used to increase capital expenditures. For instance, the repairing and expanding the infrastructure throughout the country would prove highly beneficial. Furthermore, spending on energy efficiency and renewable energy projects could solve what is considered a dire problem in the Kingdom. However, if the government uses their increased revenues to enlarge an already bloated public sector, and increase its current expenditures, then the increased expenditures could have a detrimental effect on the country.

Figure 6 Public Expenditures Growth, 1990-2015



Source: Yearly Statistical Data "50th" and Statistical Database, Central Bank of Jordan

UNEMPLOYMENT



Can improve if incentivized to invest, which will create jobs

3.6 The Labor Market

Jordan suffers from structural unemployment (Mansur, 2013). Structural unemployment is product of a mismatch between the skills that workers possess and the skills demanded by employers. The number of employed persons reached 1,398,030 million in 2015. Approximately 1.17 million (84%) of these were males, while only 224 thousand (16%) were females (Ministry of Labor, 2016). The public sector employs approximately 40% of all employed persons, while the remainder is employed by the private and NGO sector (JSF, 2016).

The labor force participation rate decreased by 2.8% in the 2011-Q3 2016 period, falling from 39.1% in 2011 to 36.3% in the third quarter of 2016. This decrease has also been reflected in both the male and female labor participation rates, which fell by 3.9% and 1.3% respectively. The difference between the male and female labor force participation rates is substantial. The average rate for females throughout the period was 13.52%, while that of males was over four times greater at 60.42%. Table (1) below shows the labor force participation rate for the 2011-Q3 2016 period:

Table 1 Labor Force Participation Rate and Unemployment Rate

	2011	2012	2013	2014	2015	Q3 2016
Labor Force Participation Rate						
Total	39.1	38.1	37.1	36.4	36.7	36.3
Male	62.7	61.3	60.4	49.7	59.6	58.5
Female	14.7	14.2	13.2	12.6	13	13.4
Unemployment Rate						
Total	12.9	12.2	12.6	11.9	13.1	15.8
Male	11	10.5	10.6	10.1	11	13.8
Female	21.3	19.9	22.1	20.8	22.6	25.2

Source: Department of Statistics, Jordan

The total unemployment rate in Jordan increased by 2.9% to reach 15.8% in the 2011-Q3 2016 period; with male unemployment reaching 13.8% in Q3 2016, a rise of 2.8% from the rate in 2011, and the female unemployment rate reaching 25.2%, an increase of 3.9% from the rate in 2011. There is a great discrepancy between the female unemployment rate and the male unemployment 2011-Q3 2016 period, where in some cases the male unemployment was under half of the female unemployment rate such as in 2013, 2014, and 2015. The lowest total, female and male unemployment rates were those of 2012, with rates of 12.2%, 19.9%, and 10.5% respectively. The highest rates are those of Q3 2016, in which the total unemployment increased by 2.7% to reach 15.8%.

According to the Ministry of Labor, youth (15-24) made up almost half of total unemployed persons in 2014, and 48.3% of unemployed persons in 2015. The next age group of 25-39 constituted 41% of unemployed persons in both 2014 and 2015. Furthermore, those included in the 40+ age group made up 8.9% and 10.5% of unemployed persons in 2014 and 2015 respectively. This should be a cause for concern as it means that close to half of the youth actively searching for jobs are not able to find work. Furthermore, educational attainment is not an assurance of employment in the Kingdom as those with a bachelor degree and above constituted 40.3% of all unemployed persons in 2015, a minute decrease from the 40.6% of 2014. The only other education level with a higher percentage, or to come near it, is the 43.4% with less than a secondary degree (for details check Annex -A-).

The high percentage of unemployed persons with a bachelor degree or above is indicative of structural unemployment, a mismatch between the skills demanded by employers and those possessed by job seekers. Additionally, it is more likely than not that this is the segment that provides the majority of expatriates, as the emigration rates of skilled workers outstrip those of low skilled workers in virtually all countries (Docquier, 2014); further indicating that in the case that Jordanian expatriates do return en masse, the majority will be skilled workers and belong to the intermediate diploma and bachelor and above segments. In the case of those expatriates living and working in the Gulf countries, the majority are highly skilled workers and are employed in the medical, IT, and financial sectors (Gharaibeh, 2016). Since they are a part of the bachelor and above segment, it is most likely that they will have great difficulty in finding employment.

The labor market in its current state will most probably be unable to absorb any large number of returning expatriates; however, these migrants would be returning with their savings, and therefore, at least a segment of them, will have the ability to become entrepreneurs and should be encouraged to do so. Jordan has previously benefitted from mass migrations of people into it, when these people have been absorbed into the economy.

3.7 Jordan Prosperity Index

The effects of the return of expatriates will be reflected upon the Jordan Prosperity Index (JPI) released by JSF. The JPI was released in 2015 as an index that attempts to capture the state of well-being of Jordanians from an economic, environmental, and social perspective. The index is formed of the following three main pillars: Income, Living Environment, and Human Capital Development. The following section is concerned with the possible effects of the returning expatriates on these pillars.

Income: The income pillar may be expected to improve with the expected increase in economic growth. Furthermore, the return of the expatriates with their saving may also lead to an increase in foreign reserves. In the case that these returning Jordanians are directed towards investment and entrepreneurship, it may be expected that there will be an especially high increase in the Investment sub-pillar. Furthermore, if they are directed towards to entrepreneurship, exports might also increase.

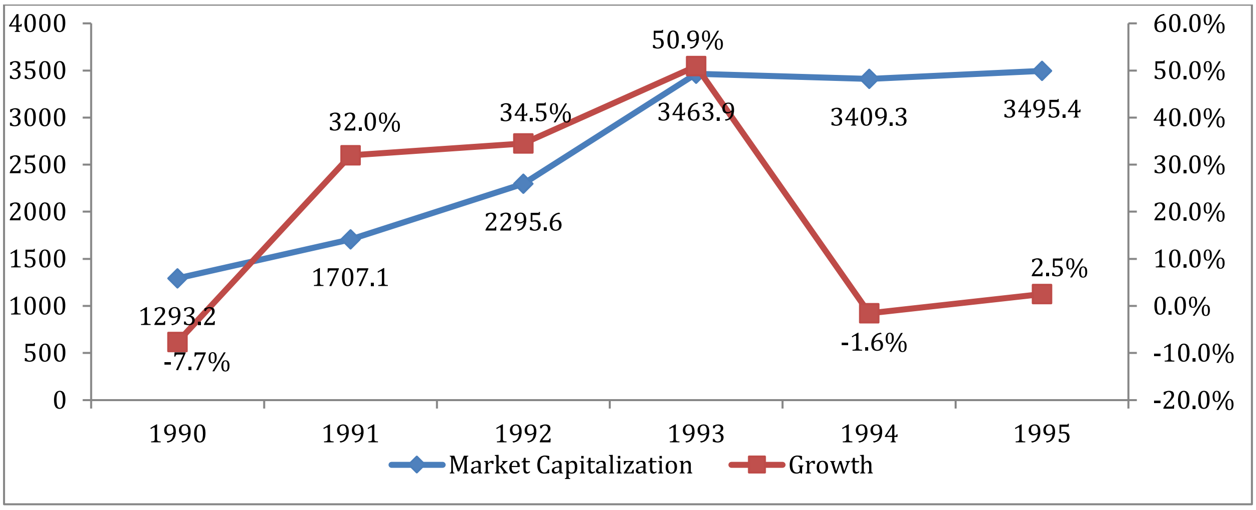
Living Environment: The effects of the return of expatriates on this pillar may be negative as the current infrastructure in the three most populated governorates is already insufficient. Furthermore, Jordan is already a water poor country and the sudden growth in population will put further strain on its already limited water resources.

Human Capital Development: The effect on this pillar should be positive. If these expatriates do open businesses jobs will be created and, due to the higher average wealth which these expatriates, it may be expected that they will spend some on leisure and temporarily boost local tourism.

3.8 Amman Stock Exchange

Market capitalization is the value of the outstanding shares of publically traded companies. In 1990, market capitalization was JD 1,293 million, and by the end of the 1990-1995 period market capitalization grew by 170% to reach JD 3,495 million. The lowest growth rate throughout the period was in 1990 when growth was 7.7%, only for it to reach 32% in 1991 and 34.5% in 1992. The year with the highest growth rate was 1993 where growth was 50.9% with market capitalization reaching JD 3,463.9 million. Market capitalization fell to -1.6% in the following year only to grow to 2.5% in the 1995.

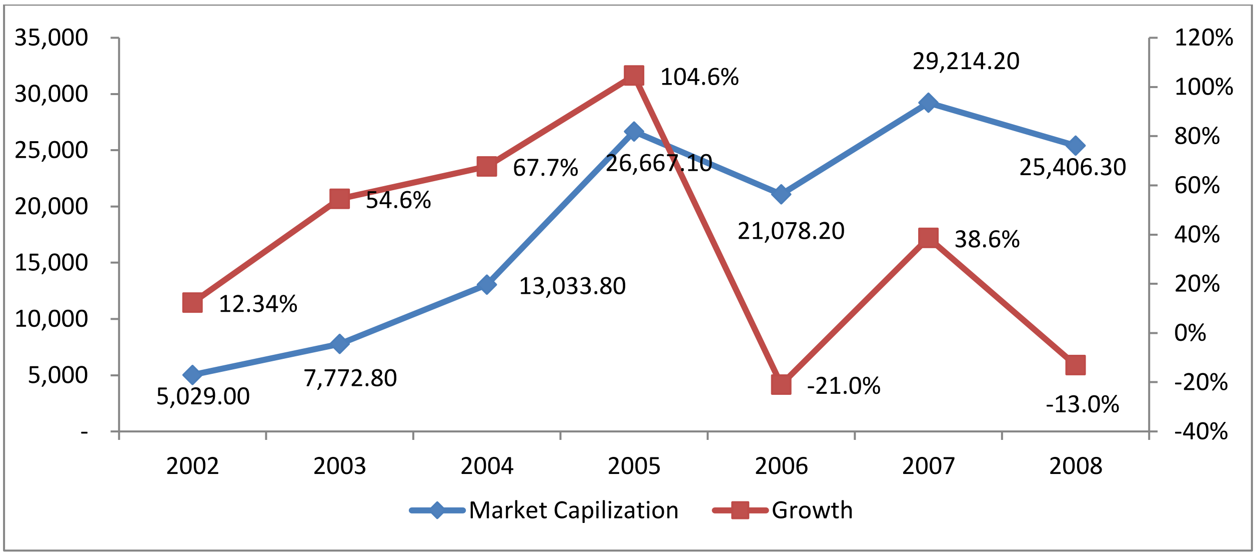
Figure 7 Market Capitalization, 1990-1995



Source: Yearly Statistical Data "50th"and Statistical Database, Central Bank of Jordan

Market capitalization during the 2002-2008 period grew in value by an amazing 405% from JD 5,029 million in 2002 to reach JD 25,406 million in 2008. It initially grew to 54.6% in 2003 to reach JD 7,772.8 million, then grew further to 67.7% in 2004 to reach JD 13,033.8 million; and in 2006, the highest growth of 104.6% was recorded with market capitalization reaching JD 26,6667.1 million. However, in 2007 it fell to 21% reaching JD 21,078.2 million only to grow up to 38.6% in 2007 to reach its highest ever value of JD 29,214.2 million. In 2008, market capitalization would again decrease to -13% to reach JD 25,406.3 million. It should be noted that market capitalization has not again reached the values recorded during this period as in 2016 market capitalization was JD 17,339.4 million, a negative growth of 47% since 2008.

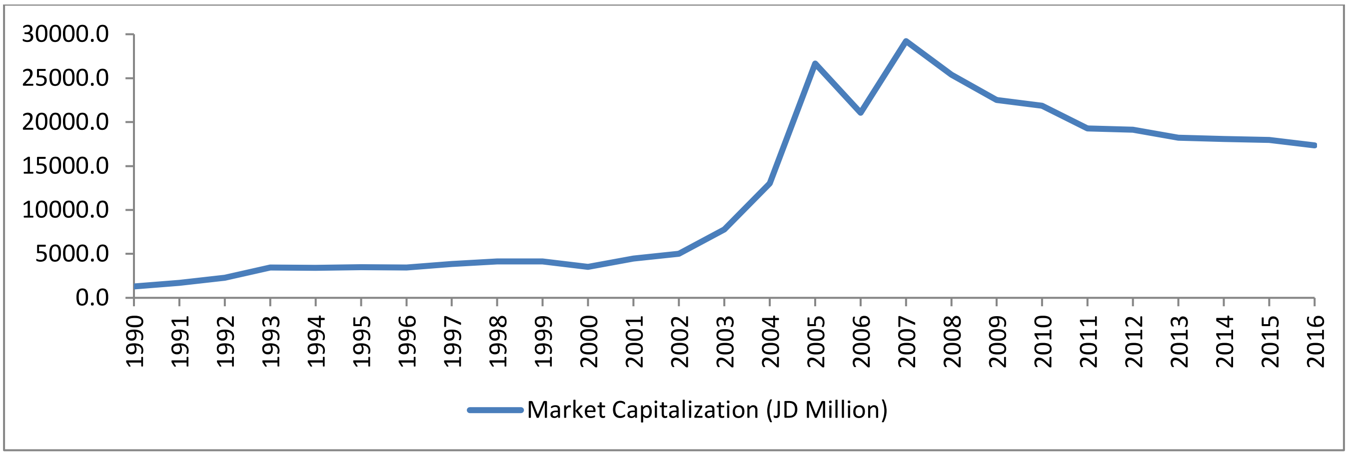
Figure 8 Market Capitalization, 2002-2008



Source: Yearly Statistical Data "50th"and Statistical Database, Central Bank of Jordan

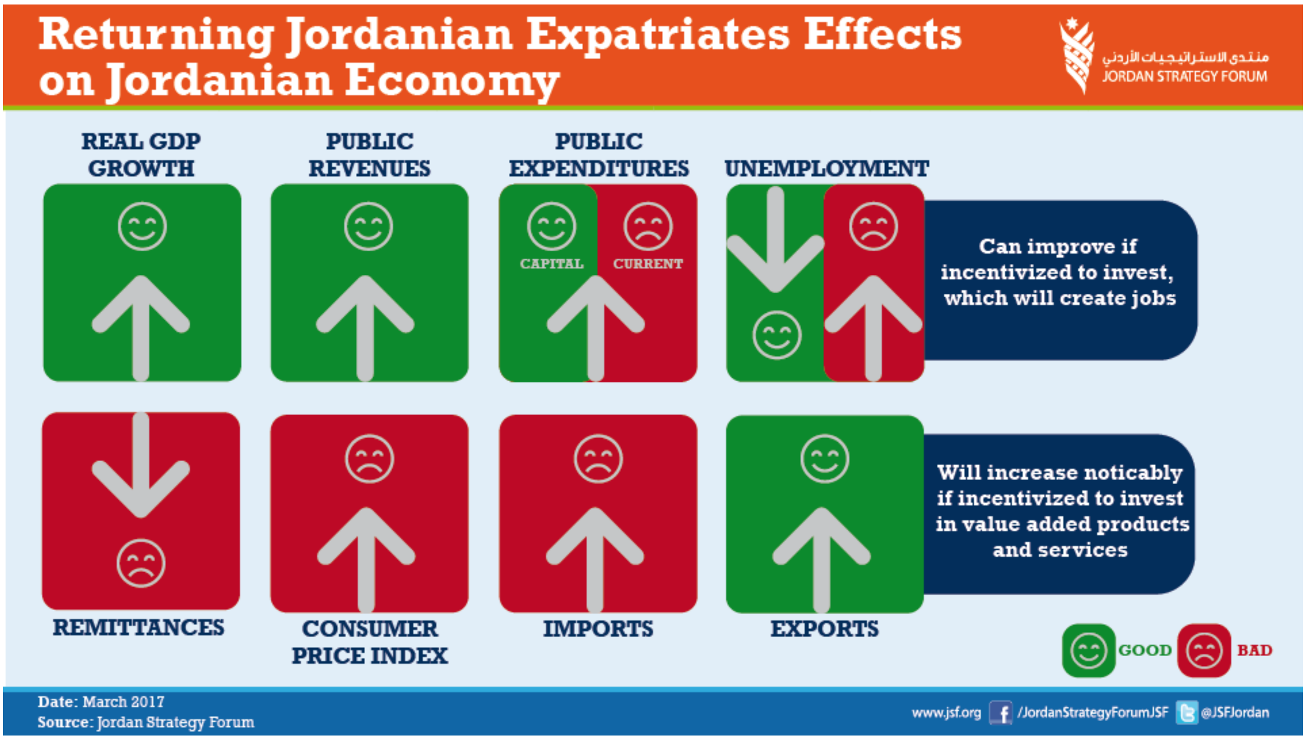
It may be expected that the return of expatriates may cause the market capitalization of the Amman Stock Exchange to increase significantly. This is based on the significant growth seen during previous periods in which a large influx of persons came to Jordan. The figure (9) below shows market capitalization for the 1990-2016 period:

Figure 9 Market Capitalization, 1990-2016



Source: Yearly Statistical Data "50th" and Statistical Database, Central Bank of Jordan, Amman Stock Exchange

The info graph below summarizes the expected effects on the economic indicators mentioned earlier:



4. Remittances

Migrant remittances are the funds sent back by expatriates to their home countries. According to the World Bank, personal remittances reached USD 552.32 billion in 2015; an 11.2% growth from the USD 496.65 billion of 2011. The following section will address three main topics: the effects of remittances on migrant sending countries, utilizing remittances as tool for development, and the remittance inflows into Jordan.

4.1 The Effects of Remittances

Remittances are the main benefit of the diaspora of Jordanians to some 76 countries, the number of countries from which Jordan received personal remittances in 2015. The benefits of remittances include increased investment in small businesses, health, and education (Meyer and Shera, 2013). Moreover, remittances may be utilized to repay loans, meeting the basic needs of family members in the country of origin, and the investment in inheritable assets (Meyer and Shera, 2013). Additionally, those remittances used for family consumption aid in the increase of the standard of living of the family and have multiplier effects in the economy, if spent locally or on local products.

It has been put forward that total remittances beneficially affect growth only in countries with small financial sectors and significant credit restraints (Meyer and Shera, 2013). This very much could be the case in Jordan as per the Doing Business Report Jordan's score in the 'Getting Credit' indicator has been '0' for years. Furthermore, according to a study conducted by Glytos, in countries such as Jordan, Morocco, and Egypt the 'growth generating capacity' of remittances is less than the 'growth-destroying capacity' of falling remittances (Meyer and Shera, 2013).

Remittances have been found to also have negative effects on the receiving nation. Remittance receivers in the home country may view the remittances as a substitute for labor income. This in turn affects the rate of capital accumulation, as labor and capital are complementary in regards to production (Meyer and Shera, 2013). In addition, in a country such as Jordan, which is a heavy importer of consumer items and possesses an ailing local industrial sector, remittances spent for consumption can lead to the increase of imported consumer goods that do not possess the multiplier effect possessed by the consumption of locally produced goods.

Perhaps the greatest ramification of remittances for Jordan is encompassed in the following excerpt:

"Remittances pose a moral hazard problem by reducing the political will to enact reform policy. Compensatory remittances that insure the public against adverse economic shocks and insulate them from government policy reduce households' incentives to pressure government to implement reforms to facilitate economic growth. Remittances can therefore delay needed upgrades to the public infrastructure both by reducing public demand for such upgrades and by decreasing the like hood of a crisis that would make such upgrades necessary" (Meyer and Shera, 2013).

The excerpts explains the reasons for the possible delay of policy reforms in remittance receiving countries, as remittances compensate for any shortcomings in policy and economic shocks. Remittances delay or allay the demand for upgrades in public infrastructure, which may also be applied to services. For instance, remittances sent back to Jordan may be spent on private health care or insurance, and private education. Both of which delay the call for the reform of these two public services.

Consequently, and if the same path of logic is followed, in the event that there was a significant decrease in remittances to Jordan, which would occur if expatriates are forced out en masse or return voluntarily, the calls for policy reform would be magnified as the living conditions of those remittance receiving families are significantly reduced. These calls for reforms might be delayed in the short-term as the country initially undergoes significant economic growth due to the sudden return of expatriates; however, as shown in the previous section, the growth subsides if government policies are not growth oriented.

4.2 Remittance Inflows into Jordan

The following section will provide an analysis of 'Personal Remittances' inflows into the Kingdom. 'Personal Remittances are defined as the following by the World Bank:

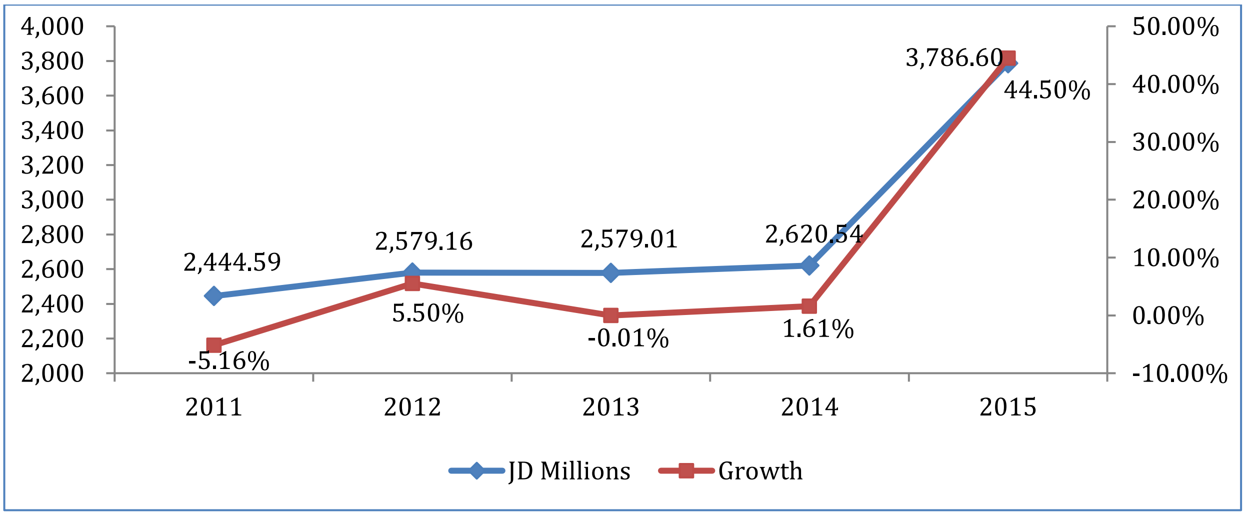
*"Personal remittances is the **sum of personal transfers and compensation of employees**. Personal transfers, a new item in the Balance of Payments Manual 6th Edition (BPM6), represents a broader definition of worker remittances. Personal transfers include all current transfers in cash or in kind between resident and nonresident individuals, independent of the source of income of the sender (and regardless of whether the sender receives income from labor, entrepreneurial or property income, social benefits, and any other types of transfers; or disposes assets) and the relationship between the households (regardless of whether they are related or unrelated individuals)."* (World Bank)

'Personal Remittances' is the summation of both personal transfers and compensation of employees and will consequently provide different figures than that included under worker remittances by the CBJ. Furthermore, the World Bank bilateral remittance matrices represent the only source of bilateral remittance inflows and outflows; they are also the only source available for this analysis due to the lack of GOJ data regarding the source of remittances.

4.2.1 Personal Remittances

Jordan received approximately JD3,792 billion in personal remittances in 2015. These remittances originated from a total of eighty countries from various regions across the world; however, this figure varies in certain years as will be made apparent in the following subsections. It should be noted that the figure of eighty countries does not include the items from the matrices *other south* and *other north* (other south means other developing countries while other north mean other developed countries). Furthermore, approximately 90% of all personal remittance receipts were sourced from only ten countries; and personal remittances from GCC member countries contributed approximately JD 7,791.52 million, or 55.6% of total personal remittances for the period. Figure (10) below provides the annual personal remittances and the growth rate for the 2011-2015 period.

Figure 10: Annual Personal Remittances and Growth 2011-2015 (JD Million)

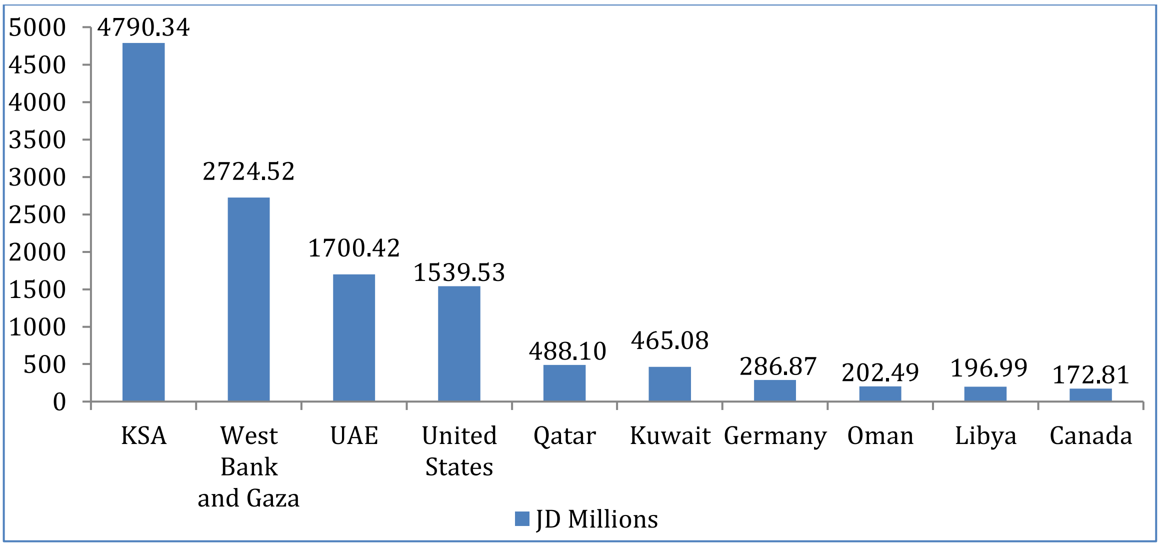


Source: Bilateral Remittance Matrices 2010-2015, World Bank

The highest value for personal remittances was that of 2015 with JD 3,786.6 million, which represents a 44.5% growth, approximately JD 1,166.06 million, from the JD 2,620.54 million of 2014. In both 2013 and 2012, the value of personal remittances varied little with a -0.01% change in 2014 in comparison to 2013. However, in 2012 the growth rate reached 5.5% from the JD 2,444.59 million of 2011, while in 2011 the growth rate was -5.16%. It should be noted that this was the year in which the Arab Spring had taken hold in the region.

The ten largest sources of personal remittances accounted for JD 12,567.14 million or 90% of total personal remittances during the 2011-2015 period. Figure (11) below shows the largest ten sources of personal remittances along with the value of remittances sent.

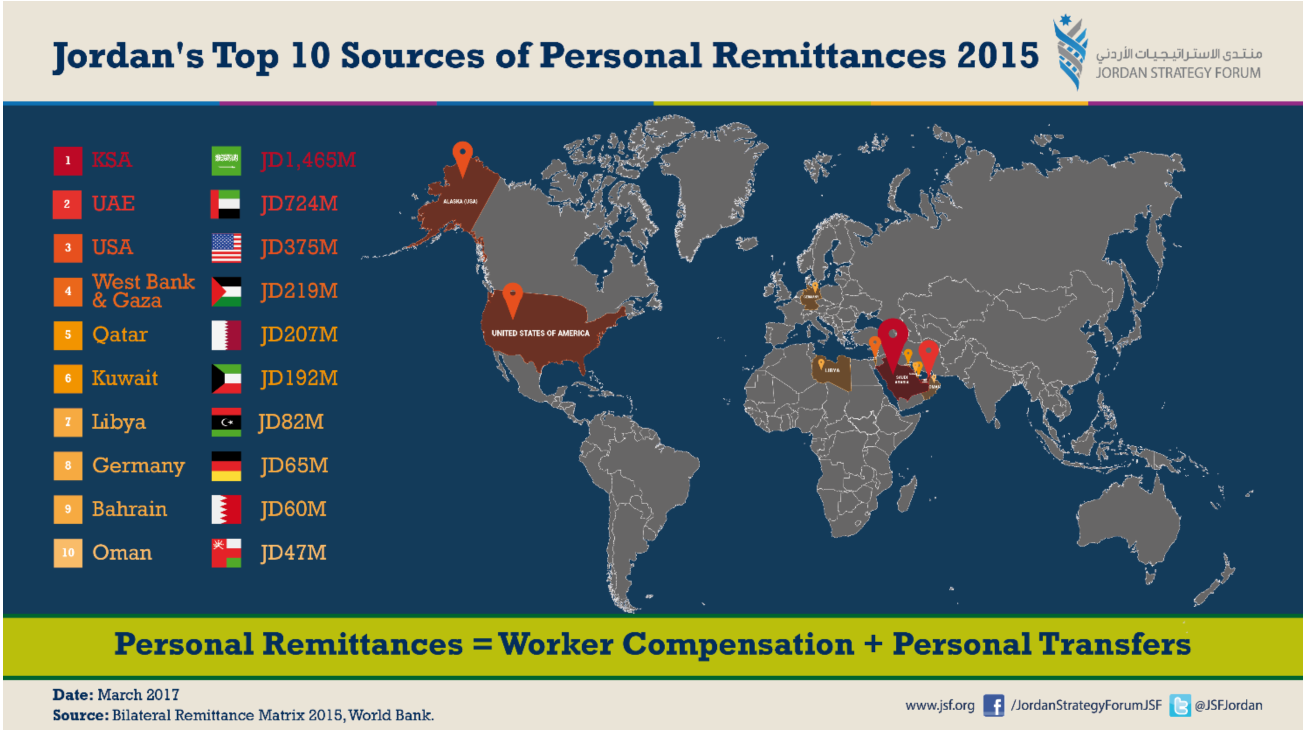
Figure 11: Top Ten Sources of Personal Remittances, 2011-2015 (JD Million)



Source: Bilateral Remittance Matrices 2011-2015, World Bank

Saudi Arabia is by far the largest source of personal remittances with the JD 4,790.34 million accounting for 34.2% of total personal remittances. Consequently, in the event that those expatriates living in Saudi Arabia do return, Jordan would lose its main source of remittances. For a more detailed breakdown of remittances inflows, kindly refer to Annex -B-.

The info graph below shows the top 10 sources of personal remittances:



4.3 Utilizing Remittances for Development

Previous sections have outlined the importance of remittances to developing countries such as Jordan. The results of these remittances on receiving have been established to have both positive and negative effects on the country. The following section will provide an analysis of the different methods implemented by governments to actively direct remittances towards investments, thereby allowing remittances to be used as a tool for development.

The main competition of migrant sending countries in regards to attracting the earnings of their migrants, is the favorable investment climate and developed financial intermediation present in the generally developed migrant receiving countries (Bobeva, 2006). Globally, only a small percentage of remittance inflows to developing countries are utilized for employment and income generating activities, with the majority going towards increasing living standards and consumption spending (Bobeva, 2006). Consequently, a country such as Jordan should recognize the investment potential of remittances and encourage the investment of these substantial inflows. However, in the creation of a relevant policy, it must also be recognized that remittances inflows are formulated from a large number of smaller sums.

An understanding of the factors deemed important by migrant investors must precede the formulation of a policy encouraging the investment of remittances. Table (2) below provides a comparison completed by Bobeva regarding various factors and their importance to migrant investors and foreign investors. Note that the number of (+) signs denote the importance of the factor:

Table 2 Factors Affecting Foreign Investors and Migrant Investors

Factors	Foreign Investors	Migrant Investors
Economic and political stability	+++	+
Rules regarding free entry and operation of foreign companies	+++	0
Bi and multilateral agreements on FDI	++	0
Privatization policy	+++	0
Rules for free repatriation of profits	+++	+
Administrative efficiency	+++	+++
Corruption perception and anti-corruption policies	+++	+++
Availability of regulations that clearly define and allow exit for investors	+++	0
Reliable public procurement rules	++	+
Business Facilitation		
Administrative procedures	+++	+++
Investment promotion	++	+++
Investment incentives	+	++
Economic Determinants		
Relating to Resource Investment		
Raw materials	+++	+
Complementary factors of production (labor)	+++	+++
Physical infrastructure	+++	++
Relating to Market Investment		
Market size	+++	+
Market growth	+++	+++
Regional integration	++	+
Relating to Efficiency Investment		
Productivity: adjusted labor costs	+++	+++
Sufficiently skilled labor and low cost labor	+++	+++
Business related services	+++	+++
Trade policy	++	+
Other Considerations		
Keeping family, community relations	0	+++
Prestige	0	+++
Improving family living standards	0	+++

Source: Turning Remittances into Investments, Daniela Bobeva

It can be noted in the table above that though there is an overlap in the factors deemed important to foreign investors and migrant investors, there are also differences. For instance, the importance of the items included under business facilitation (administrative procedures, investment promotion, and investment incentives) is more emphasized among migrant investors than among foreign investors. However, the items included under 'resource investment' are of greater importance to foreign investors than migrant investors, except for the item titled 'complementary factors of production (labor)' which both types of investors find very important. Furthermore, 'market size' is very important for foreign investors while not as important to migrant investors; however, 'market growth' is deemed very important to both. There are a number of items that both foreign and migrant investors found important in equal measure, which are as follows:

- Administrative efficiency
- Corruption perception and anti-corruption policies
- Administrative procedures
- Complementary factors of production (labor)
- Market growth
- Productivity: adjusted labor costs
- Sufficiently skilled labor and low cost labor
- Business relate services

It is worth noting that 'rules for free repatriation of profits' is deemed of great importance to foreign investors and denoted by three (+)'s while it is not seen as important by migrant investors. This is indicative of migrant investors being less concerned with their profits leaving the country, rather keeping these profits inside their home country. The last section of the table, 'Other Considerations', is also of great importance. This section of the table is only applicable to migrant investors and goes someway in providing an explanation why certain items such as market size and physical infrastructure are less important to them than to foreign investors. The items included in this section are all considered very important to migrant investors and are as follows:

- Keeping family, community relations
- Prestige
- Improving family living standards

These items are reasons that encourage migrant investors to invest their funds in their home country rather than their country of residence despite the increased risk associated with investing in developing countries with a less developed legislative and policy frameworks and limited financial environments. Moreover, it may be deduced from the factors that are considered important by migrant investors that there are both rational and emotional motives for investing in their country of origin. Consequently, government policies attempting to attract migrant investors should capitalize on these three items, as they are advantages possessed solely by the country of origin.

Migrant investments cannot be typified as conventional forms of investments (Bobeva, 2006). The investments of migrants are typically destined for 'safe and reasonable return on investments as a powerful instrument for survival and the prosperity of the family' (Bobeva, 2006). The purchase of land and apartments is included under this type of investment. Consequently, the following limitations of migrant investments must be accounted for when formulating relevant policies (Bobeva, 2006):

- **Relatively small size of investments:** As previously stated, remittances inflows are formulated from a large number of smaller sums. This necessitates the creation of policy instruments and interventions that allow for the consolidation of these funds and the implementation of measures that promote smaller investments.

- **Lack of knowledge regarding sectors, labor market, and enterprise sector:** Policies implemented for the purpose encouraging migrant remittances should have a focus on market consulting, making market information available, and facilitating relationships with local businesses.

- **Choices of destination of the investment:** Investments are, for the most part, based upon personal and family ties, not upon the competitive advantage possessed by the country. This practice however increases the risk associated with these investments in comparison to investments based upon the rational selection.

The overall objectives of any government policies implemented in this regards should be as follows (Bobeva, 2006):

- Use of remittances to promote development and smooth transition towards economic development
- Accommodation of remittances in the plans of the country to increase the potential of the economy to compete in international markets
- Enhancement of capacity of remittances to generate growth
- Stabilization of the fluctuating effects over time
- Attraction of migrants' skills and knowledge for the economic development of their country
- Narrowing of the gap between migrants families' preferences in spending remittances, and government objectives for the use of remittances

Furthermore, remittance governance can be categorized under one of the following forms (Bobeva, 2006):

- **Business Procedures:** This form is mainly concerned with providing migrants with information concerning investing in their country of origin. This may include business counseling and training, information concerning investment opportunities, promotional seminars, special guides and handbooks (similar to the 2006 Handbook for Overseas Indians), public institutions specialized in providing services for migrant investors, and forming linkages between local businesses and entrepreneurs.

- **Entrepreneurship Programs:** These types of programs offer direct support to migrants who wish to become entrepreneurs. Programs may include the following: assistance with business plans and feasibility studies, direct tax and no tax concessions, financial support and co-financing, import of machinery and equipment at lower duty rates, and micro finance schemes.

- **Promotion of investment in financial sector and financial intermediaries:** This may include financial products and equity investments. Examples are securitization, the creation of remittance development banks, participation in the securities market, and the creation of equity funds.

- **Investment and donations in community projects:** This includes the investment in infrastructure projects in the home communities of these migrants, as well as other forms of community development products.

4.4 Selected Policies and Programs from Around the World

The following sub-section will outline especially interesting selected policies and programs implemented in other countries that could prove beneficial if implemented in and by Jordan.

4.4.1 Handbook for Overseas Indians

The Handbook for Overseas Indians was released by the Indian Ministry of Overseas Affairs. The handbook is a comprehensive compilation of the information required for a migrant Indian to setup a business in India. This handbook includes, but is not limited to the following information (Handbook for Overseas Indians, 2006):

- Incentives and concessions for non-resident Indians
- Business environment in India
- FDI and migrant investment policies
- Procedures
- Special Economic Zones
- Business opportunities by state
- Tax incentives
- Investment opportunities in the form of:
    - Shares and securities
    - Loans and overdrafts
    - Immovable property
    - Remittances facilities

4.4.2 Mexico's 3x1 Program

The Mexico 3X1 Program started in 2002 with the aim of developing communities that have migrants abroad by leveraging investments made through community organizations (IDB, 2012). The program gains its name from the way it operates; for every Peso contributed by migrants, the municipal, state, and federal government will each also contribute a Peso (IDB, 2012). The funds garnered under this program are utilized for the provision of public and social infrastructure in the home community of the donating migrants (Aparcio and Meseguer, 2012).

4.4.3 Moldova's PARE Program

The Programme for Attracting Remittances into the Economy (PARE) was launched by Moldova in 2011 (Columbia University, 2015). There are four main components included in the program, which are as follows:

- Outreach
- Business development training for MSME owners
- Business financing through a 1+1 matching scheme
- Continuing support for MSMEs financed through the program

4.4.4 IFAD Multilateral Investment Fund

The International Fund for Agricultural Development (IFAD) and the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) launched a program in 2004 with the main objective of assisting remittance senders and receivers in increasing their access to finance and investment in employment and income creating projects (Vargas-Lunidus, 2006). The program aimed to achieve this through the following (Vargas-Lunidus, 2006):

- Knowledge development for community based organization and rural development: This included the assistance of migrant organizations and community based organization to manage, promote, and implement rural development projects in the country of origin.

- Development of rural financial services: This portion of the program was focused on the development of the banking system in rural areas.

- Development of rural productive investment: This came in the form of providing support to migrant associations, NGOs, foundations, and other non-profit organizations in providing business development support services in rural areas.

5. Key Findings

The key findings of the study are derived from the review of literature concerning migrants and migrant remittances; as well as from assessing the effects of similar migrations of a large number of people to Jordan:

- Approximately, three-fourths of the population is located in Amman, Irbid, and Zarqa; consequently, it may be expected that these three governorates are where these expatriates would return. Moreover, the return of the expatriates will place further stress on public services and the infrastructure in these governorates.
- The sudden influx of repatriated Jordanians, and their savings, will most probably lead to a significant increase in real GDP growth. This is deduced from observing the 18.67% growth experienced in 1992 with the return of expatriates from Kuwait, and the four consecutive years of 8% growth or higher experienced in the 2004-2007 period brought on by the arrival of Iraqi nationals.
- Jordan is heavily reliant on imports, especially in regards to satisfying its food and energy needs. Consequently, it is to be expected that any large increase in the population, such as the return of expatriates, will necessitate increased imports.
- The Consumer Price Index may be expected to increase as prices rise. However, to offset the rise in prices, the increased size of the market and spending power will prove a boon for local businesses.
- The labor market in its current state will most probably be unable to absorb any large number of returning expatriates; however, these migrants would be returning with their savings, and therefore, at least a segment of them, will have the ability to become entrepreneurs and should be encouraged to do so.
- Though remittances do provide benefits for receiving countries, such as allowing receiving families and persons to increase their standard of living, spend on education and investment in inheritable assets; they also have detrimental effects on receiving countries. These include:
    - Remittance receivers in the home country may view the remittances as a substitute for labor income; thereby contributing to the structural unemployment issues faced by Jordan.
    - Remittances spent for consumption can lead to the increase of imported consumer goods that do not possess the multiplier effect possessed by the consumption of locally produced goods.
    - Remittances compensate for any shortcomings in policy and economic shocks; and therefore may lead to delays in policy reforms. Furthermore, in the event that there was a significant decrease in remittances to Jordan, the calls for policy

reform would be magnified as the living conditions of those remittance receiving families are significantly reduced.

- According to the World Bank, Jordan received Personal Remittances from 76 countries worldwide.

- JD 3,792 billion in personal remittances in 2015. Furthermore, approximately 91% of all personal remittance receipts were sourced from only ten countries; and personal remittances from GCC member countries contributed approximately JD 2,7 billion, or 71% of total personal remittances for this year. Saudi Arabia is by far the largest source of personal remittances with JD 1.47 billion accounting for 38.7% of total personal remittances in 2015.

- The limitations of migrant investments are the following:

  - **Relatively small size of investments:** As previously stated, remittances inflows are formulated from a large number of smaller sums. This necessitates the creation of policy instruments and interventions that allow for the consolidation of these funds and the implementation of measures that promote smaller investments.

  - **Lack of knowledge regarding sectors, labor market, and enterprise sector:** Policies implemented for the purpose encouraging migrant remittances should have a focus on market consulting, making market information available, and facilitating relationships with local businesses.

  - **Choices of destination of the investment:** Investments are, for the most part, based upon personal and family ties, not upon the competitive advantage possessed by the country. This practice however increases the risk associated with these investments in comparison to investments based upon the rational selection.

- Remittance may be an effective tool for development if the policies in place are effective. The overall objectives of any government policies implemented in this regards should be as follows:

  - Use of remittances to promote development and smooth transition towards economic development.
  - Accommodation of remittances in the plans of the country to increase the potential of the economy to compete in international markets.
  - Enhancement of capacity of remittances to generate growth.
  - Stabilization of the fluctuating effects over time.
  - Attraction of migrants' skills and knowledge for the economic development of their country.
  - Narrowing of the gap between migrants families' preferences in spending remittances, and government objectives for the use of remittances.

- Remittance governance, for the most part, can be categorized under one of the following forms:
    - **Business Procedures:** This form is mainly concerned with the providing migrants with information concerning investing in their country of origin.
    - **Entrepreneurship Programs:** These types of programs offer direct support to migrants who wish to become entrepreneurs.
    - **Promotion of investment in financial sector and financial intermediaries:** This may include financial products and equity investments.
    - **Investment and donations in community projects:** This includes the investment in infrastructure projects in the home communities of these migrants, as well as other forms of community development products.

6. Recommendations

The return of expatriates could prove a boon for Jordan if dealt with correctly. The increased population equates to increased consumption, increased investment and partial reverse of the brain drain. The following section will outline a set of recommendations for how best to prepare for the return of expatriates. It is worth noting that the recommendations will also be targeted at enticing expatriates to return and invest in Jordan. The job market cannot absorb such a large number; it is of paramount importance to view the return of so many expatriates as an opportunity to encourage entrepreneurship. Directing these repatriated Jordanians to set up businesses will have a series of highly beneficial effects including, but not limited to: the provision of employment opportunities, possibly increasing domestic exports, boosting SSC member numbers, providing the government with a larger tax base and a more vibrant economy from which it can extract funds, among others. Furthermore, these returning expatriates should be viewed as foreign investors and treated as such. JSF recommends the following:

- **Expats should be encouraged to invest part of their remittances** today in the different economic activities in Jordan. This will help in reaching economic growth targets and will help them sustain an income that will be maintained upon their return.

- **Direct expatriate investments towards portfolio investments**. Returning expatriates should be directed to portfolio investments composed of high value added economic activities. Therefore, Jordan should facilitate the establishment of such funds.

- **Introduce an active outreach program** as soon as possible. This should be facilitated through government institutions in conjunction with the various chambers of commerce and industry. The recent attempts of a compilation of an expatriate database by the Ministry of Foreign Affairs and Expatriates enables the completion of this activity. The following should be included:

    - Listing of investment opportunities available in Jordan. This should include the following:

        - Breakdown of the various sectors
        - Opportunities in governorates outside of Amman
        - The opportunities included should not only be large scale projects
        - The benefits of investing in certain regions (ASEZA, Development zones, etc.)

    - Jordan Investment Commission (JIC) incentives and other incentives available to investors. However, this must be stated in both a clear and concise manner.

    - Information concerning sources of financing, interest rates, etc. Furthermore, provide information and details on the JD 1 billion fund created by the CBJ for the purpose of SME lending.

    - Information concerning taxation.

  - Listing of the different trade agreements in place and where Jordanian products may be exported with ease.
  - Provide a list of the business incubators, venture capital firms, and mentoring associations present in the country.
  - Information on the Relaxing Rules of Origin Agreement with the EU.

- **Introduction of a one-stop shop.** Allow returning expatriate investors to make use of a one-stop shop; thereby easing the process and limiting the time it takes to open a business in Jordan. This should include allowing all procedures, including the majority of those of Greater Amman Municipality (GAM), to be concluded and paid for in one place. The most recent Doing Business Report stated that in Jordan it takes 12 days to start a business, with procedures at three different locations. These procedures could consume even more time if there were a large number of investors attempting to complete the procedures simultaneously.

- **Promote investment in the governorates.** The governorates remain grossly underdeveloped for the most part and should be promoted, as there are numerous investment opportunities present in them. The creation of an investment map for certain governorates should be prioritized and distributed. Distributing investment among the governorates other than Amman will allow for job creation in these governorates and thereby limit the internal migrations to the capital Jordan currently experiences, thereby halting any further strain on the already inadequate infrastructure. Furthermore, incentives in various forms may be offered to those who do invest in these governorates. The incentives that may be offered to investors may include:

  - Expand the capacity of JEDCO is regards to the funding of projects.
  - Incentivize financing organizations to increase their presence in the governorates.
  - Create specialized services to be provided by JIC for those investing in the governorates.
  - Ease the process of registering and starting a business in the governorates.
  - Increase the effectiveness of the technical vocational educational training (TVET) provided in the governorates.
  - Improve the infrastructure in certain areas in which it is lacking.
  - Utilize civil society organizations in the remoter areas of the governorates as sources of information and for the facilitation of the recruitment of human capital.
  - Introduce well studied tax incentives for those investing in the governorates

- **Implement Community Development Programs** similar to the 3X1 scheme implemented in Mexico. The introduction of such a matching program will allow for the development of the infrastructure in less developed governorates at a lower cost to the government. This type of program, if well implemented, will also yield economic benefits as these governorates become more developed and their local economies grow.

- **Implement a non-repatriable investment scheme** similar to the one currently in place in Pakistan and should be expanded upon. This scheme enables the import of certain capital goods; goods used in the production of goods and services, to setup manufacturing businesses through the provision of varying degrees of customs exemptions. The scheme includes the following (**however, it should be tailored to the needs of Jordan**):

The following industries are included in the NRI Scheme:

- Hotels and Motels
- Building industry
- Cinema houses and film studios
- Haulage and transport industry
- Dry cleaning
- Transport

- **Encourage entrepreneurship training** for expats during summer time when they visit home or through embassies; training should be provided by various entities either free of charge or for a minimal fee. NGOs, universities, or relevant private sector associations could provide this training. This type of training will help in minimizing the risks of newly established companies floundering, as well as encouraging expatriates to become entrepreneurs.

- **Benefits for returning expatriates should be reviewed** and some benefits similar to those given to foreign investors needs to be considered to ensure that the savings they return with are not wasted on low value added activities such as the purchase of real estate.

- **Access to Finance.** Inadequate access to finance is repeatedly brought up as major challenge to SMEs in Jordan (Nasr and El Abd, 2013). The banking sector for the large part dominated the financial system in Jordan; however, the banking sector is less competitive and in regards to financial intermediation plays a limited role in comparison to other middle-income countries (Nasr and El Abd, 2013). Despite banks representing the main source of external finance for SMEs, only 11% of their lending goes to SMEs; a low rate when considering that the average for emerging markets is 25% (Nasr and El Abd, 2013). Furthermore, non-banking financial institutions possess a minor role in regards to financial intermediation (Nasr and El Abd, 2013). This current situation in Jordan in regards to access to finance must be rectified if it is hoped that these returning expatriates invest in high value added economic activities.

- **Development Bonds** were issued by the Central Bank of Jordan in late 2015. It is recommended that such bonds be made specifically to allow expatriates to directly invest in their home areas and perhaps increasing their rate of success.

- **The main challenges faced by the Industrial Sector should be addressed** in order to encourage expatriates to invest in this sector.

- **Encourage investment in the Amman Stock Exchange** through two methods; firstly, re-establishing the confidence of investors in the stock market and, secondly, diversifying the investment instruments by introducing instruments such as mutual funds.

7. Annex –A- The Jordanian Economy

7.1 Population

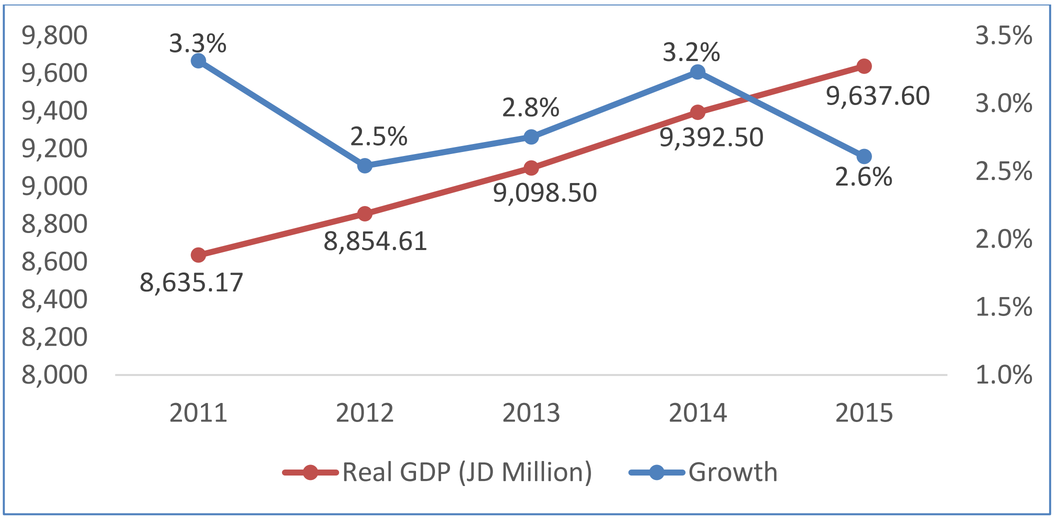
Table A1: Population of Jordan by Governorate, 2015

Governorate	Population	%
Amman	4,007,526	42.04%
Balqa	491,709	5.16%
Zarqa	1,364,878	14.32%
Madaba	189,192	1.98%
Irbid	1,770,158	18.57%
Jarash	549,948	5.77%
Mafraq	237,059	2.49%
Ajloun	176,080	1.85%
Karak	316,629	3.32%
Tafieleh	96,291	1.01%
Ma'an	144,082	1.51%
Aqaba	188,160	1.97%
Total	9,531,712	**100.00%**

Source: Population and Housing Census 2015, Department of Statistics

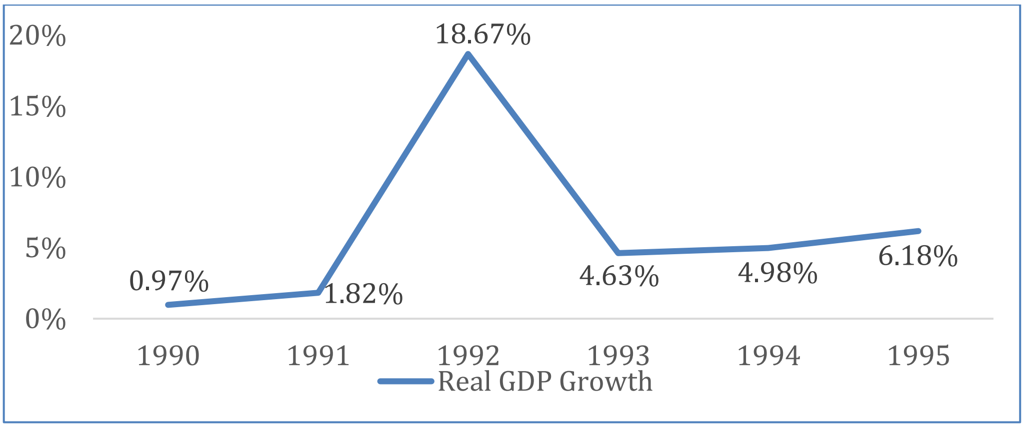
7.2 Real GDP

Figure A1: Real GDP and Real GDP Growth, 2011-2015



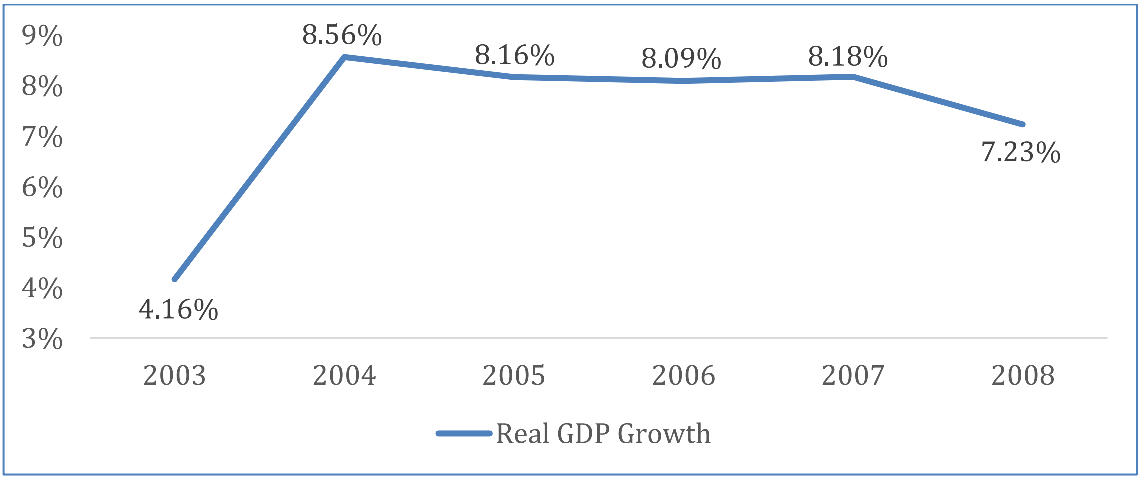
Source: Central Bank of Jordan Statistical Database

Figure A2: Real GDP Growth, 1990-1995



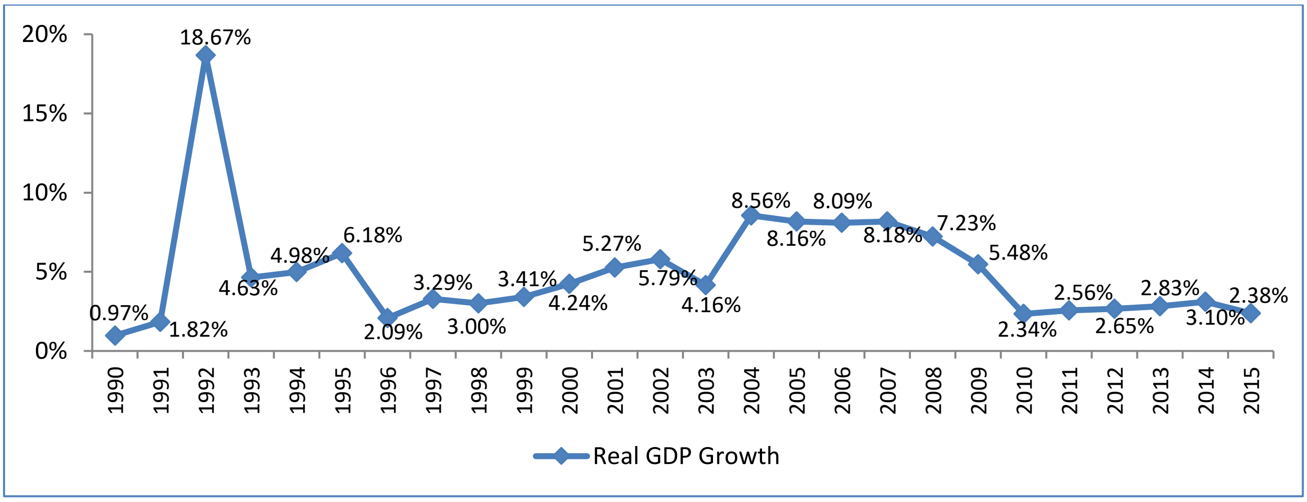
Source: World Bank Development Indicators

Figure A3: Real GDP Growth, 2003-2008



Source: World Bank Development Indicators

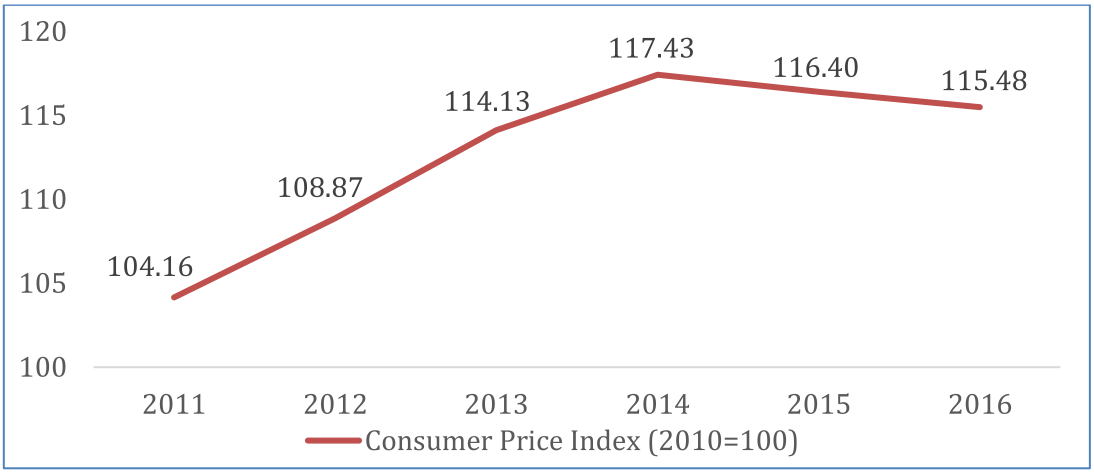
Figure A4: Real GDP Growth, 1990-2015



Source: World Development Indicators, World Bank

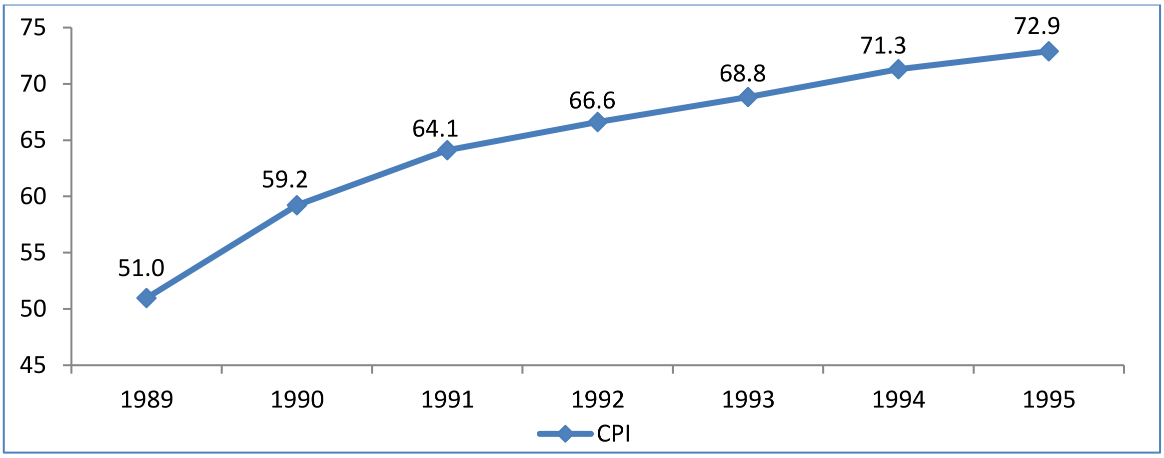
7.3 Consumer Price Index

Figure A5: Consumer Price Index, 2011-2016



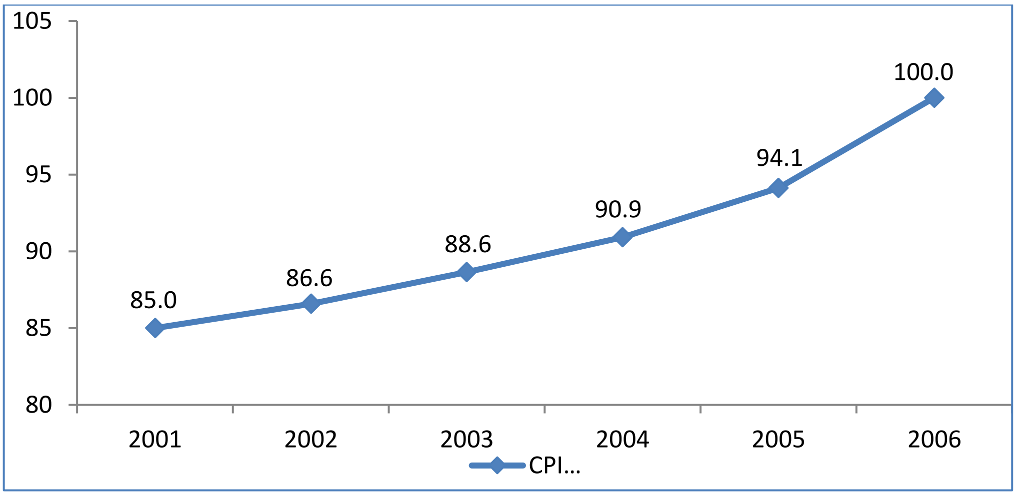
Source: Statistical Database, Central Bank of Jordan

Figure A6: CPI, 1989-1995



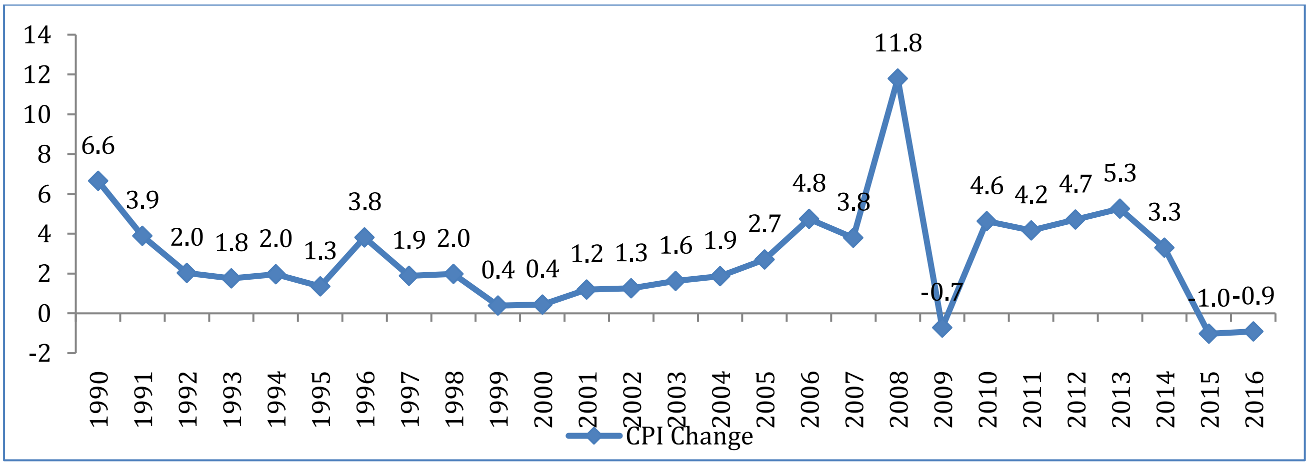
Source: Yearly Statistical Data "50th", Central Bank of Jordan

Figure A7: CPI, 2001-2006



Source: Yearly Statistical Data "50th", Central Bank of Jordan

Figure A8: Change in CPI, 1990-2016

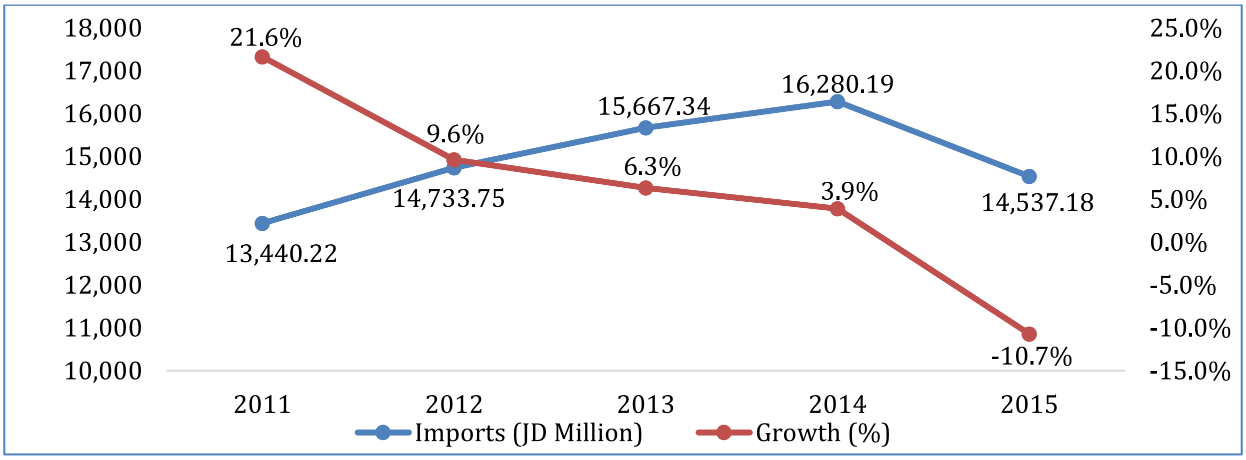


Source: Statistical Database, Central Bank of Jordan

7.4 Trade

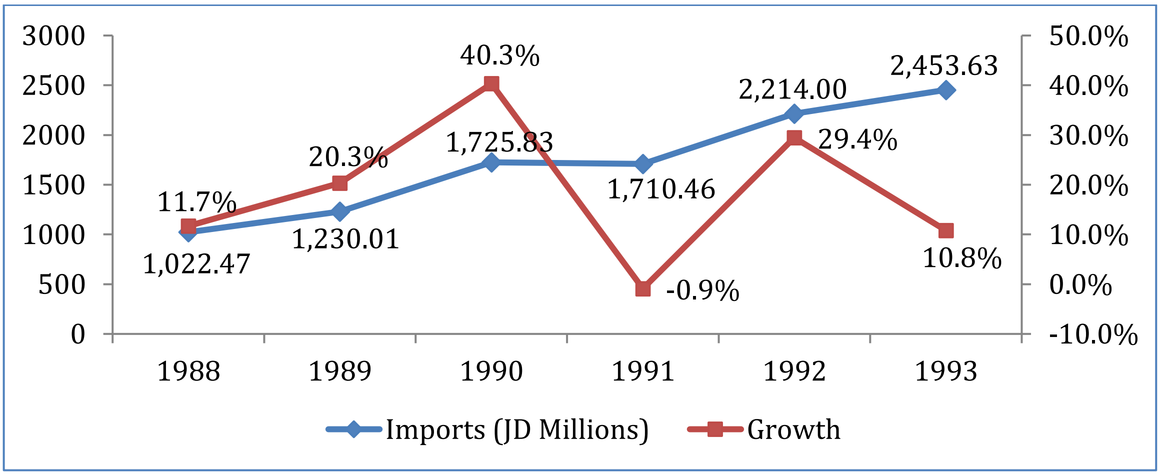
7.4.1 Imports

Figure A9: Imports, 2011-2015 (JD Million)



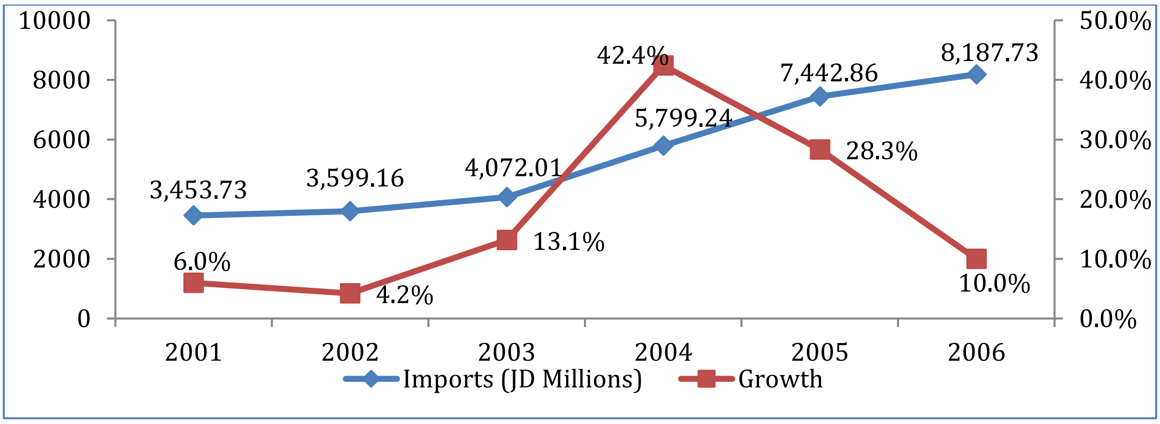
Source: Department of Statistics, Jordan

Figure A10: Imports, 1988-1993 (JD Millions)



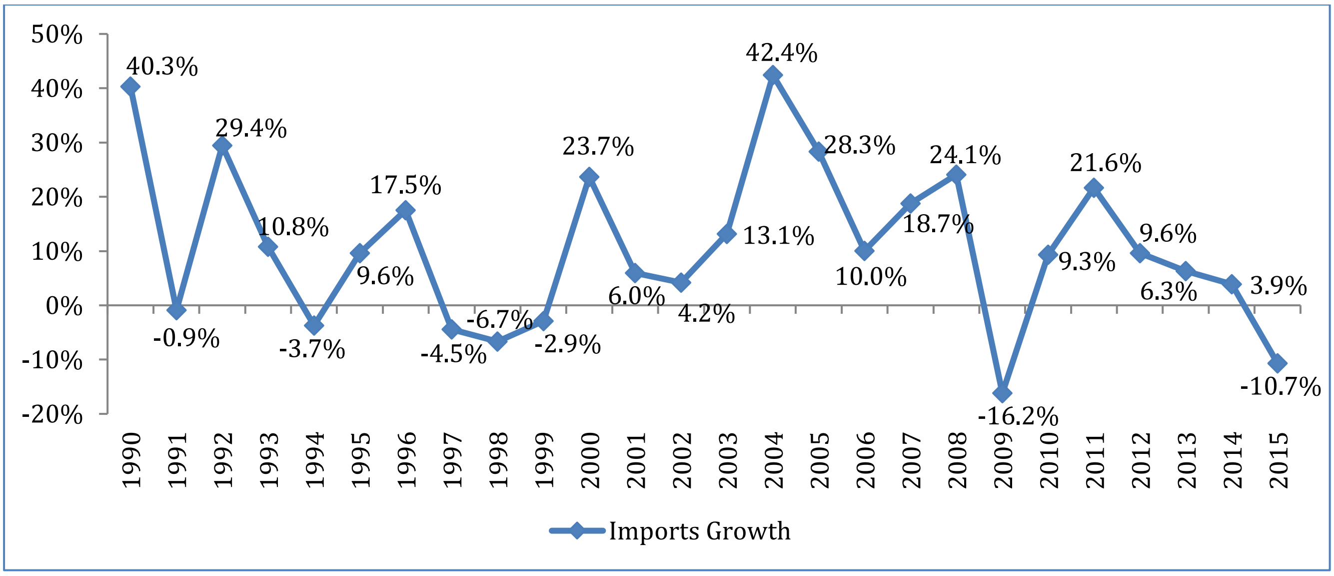
Source: Statistical Database, Central Bank of Jordan

Figure A11: Imports, 2001-2006 (JD Millions)



Source: Statistical Database, Central Bank of Jordan

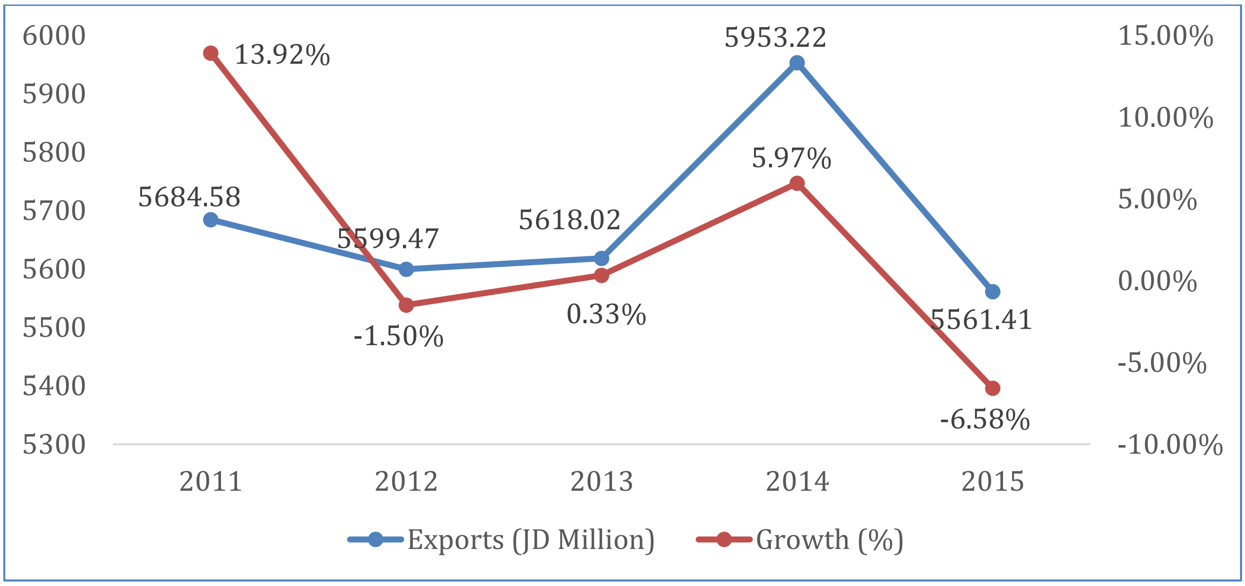
Figure A12: Imports Growth, 1990-2015



Source: Yearly Statistical Data "50th" and Statistical Database, Central Bank of Jordan

7.4.2 Exports

Figure A13: Exports, 2011-2015

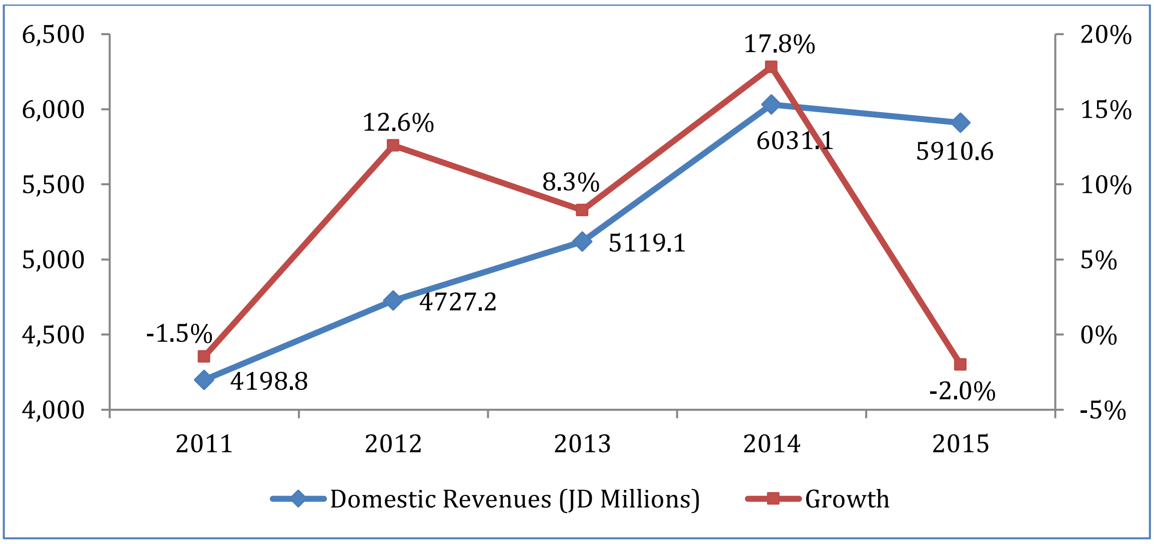


Source: Department of Statistics, Jordan

7.5 Public Finance

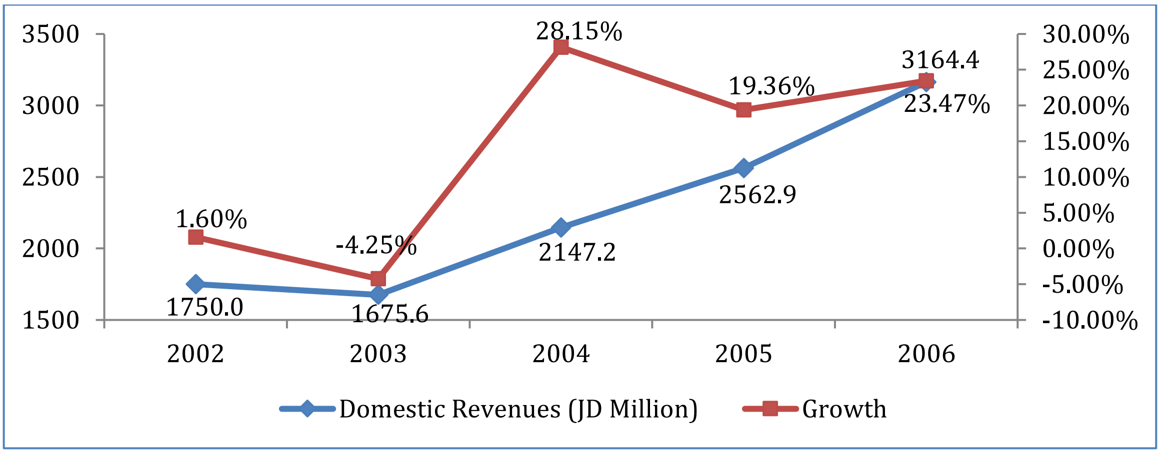
7.5.1 Government Domestic Revenues

Figure A14: Domestic Revenues, 2011-2015 (JD Millions)



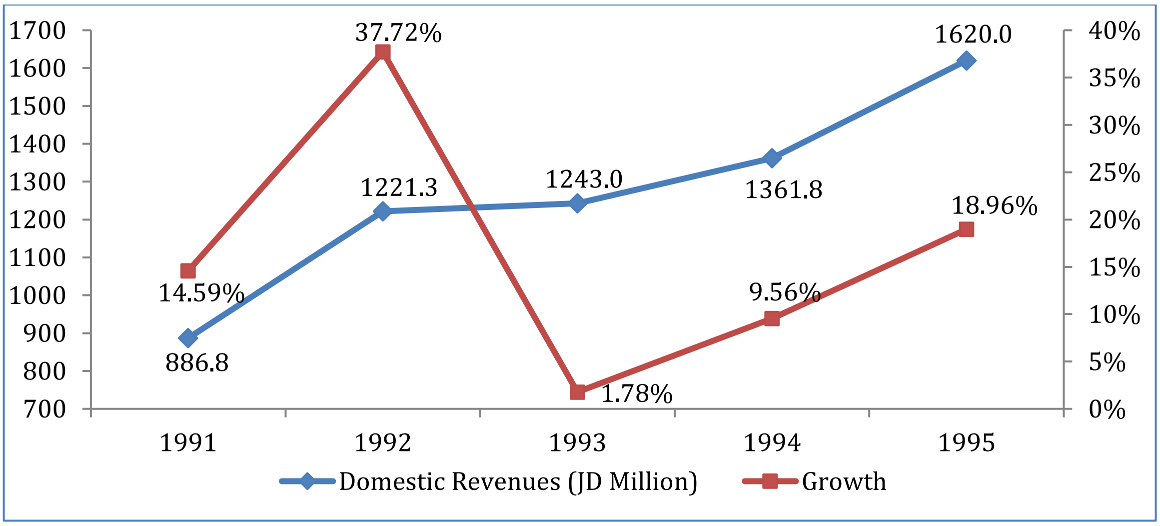
Source: Statistical Database, Central Bank of Jordan

Figure A15: Domestic Revenues, 2002-2006 (JD Million)



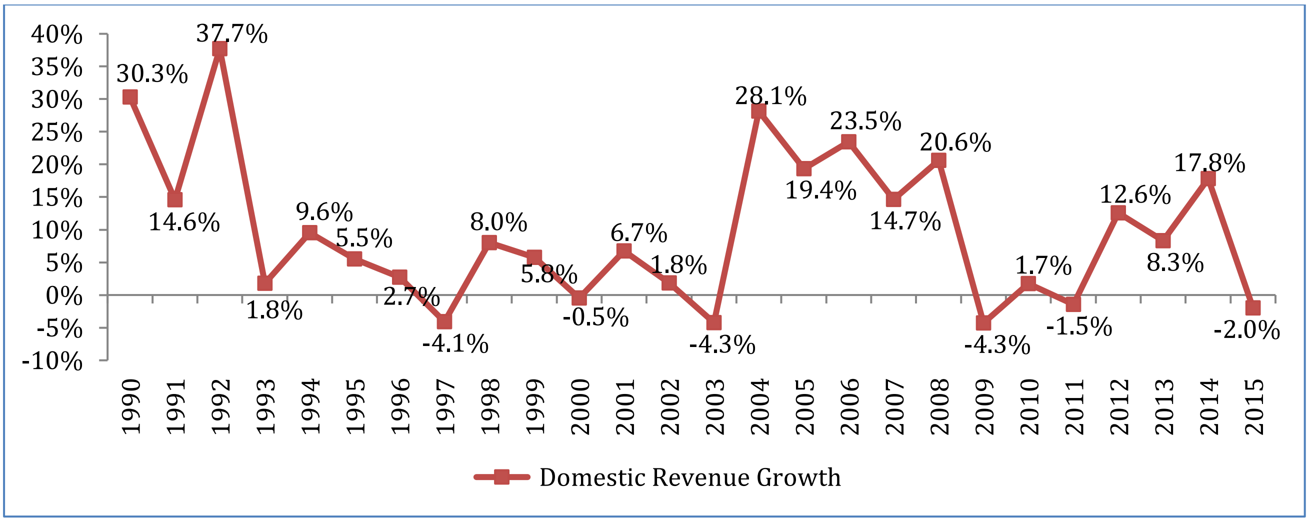
Source: Yearly Statistical Data "50th", Central Bank of Jordan, Central Bank of Jordan

Figure A16: Domestic Revenues, 1991-1995 (JD Million)



Source: Yearly Statistical Data "50th", Central Bank of Jordan

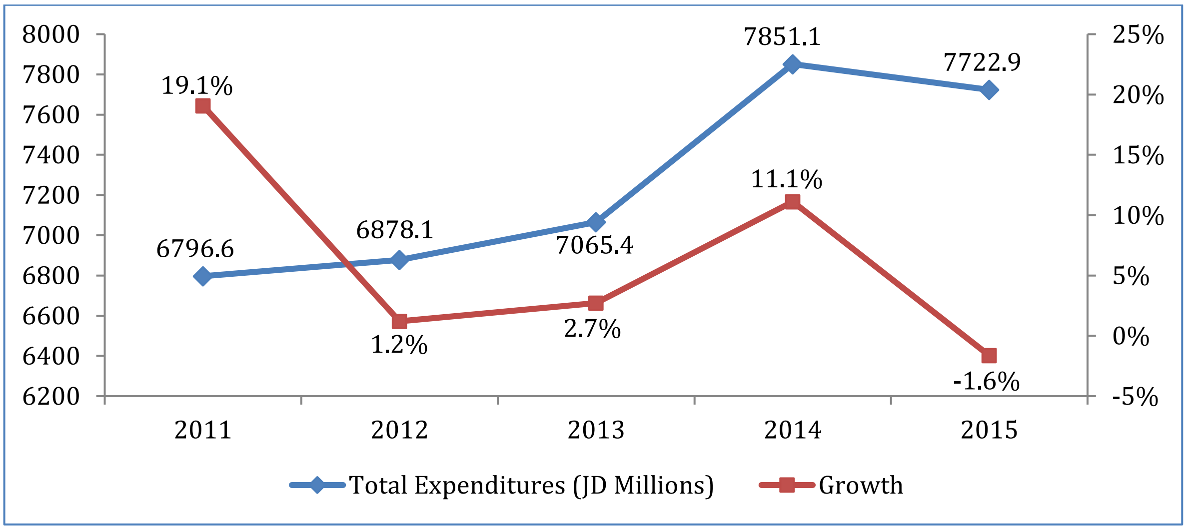
Figure A17: Government Domestic Revenues Growth, 1990-2015



Source: Yearly Statistical Data "50th" and Statistical Database, Central Bank of Jordan

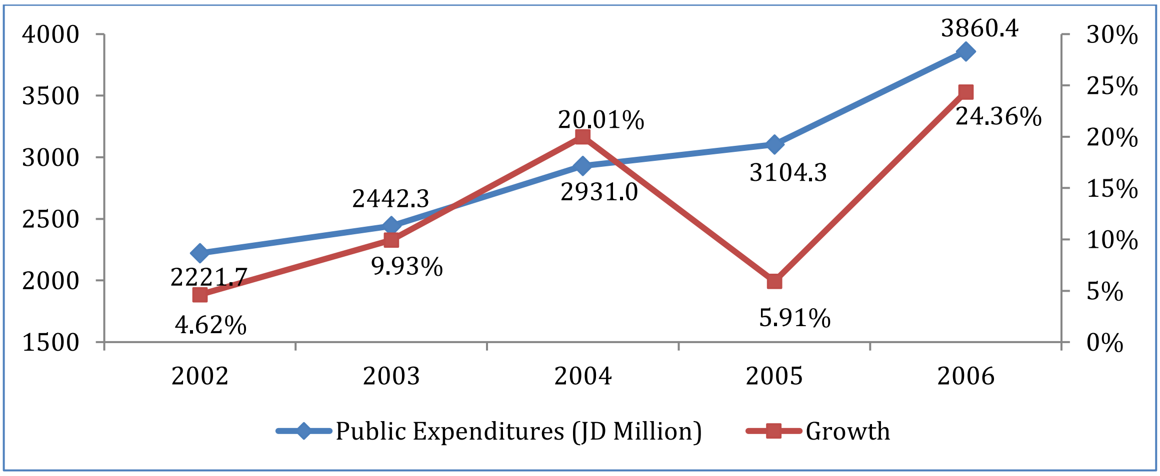
7.6 Public Expenditures

Figure A18 Public Expenditures, 2011-2015 (JD Millions)



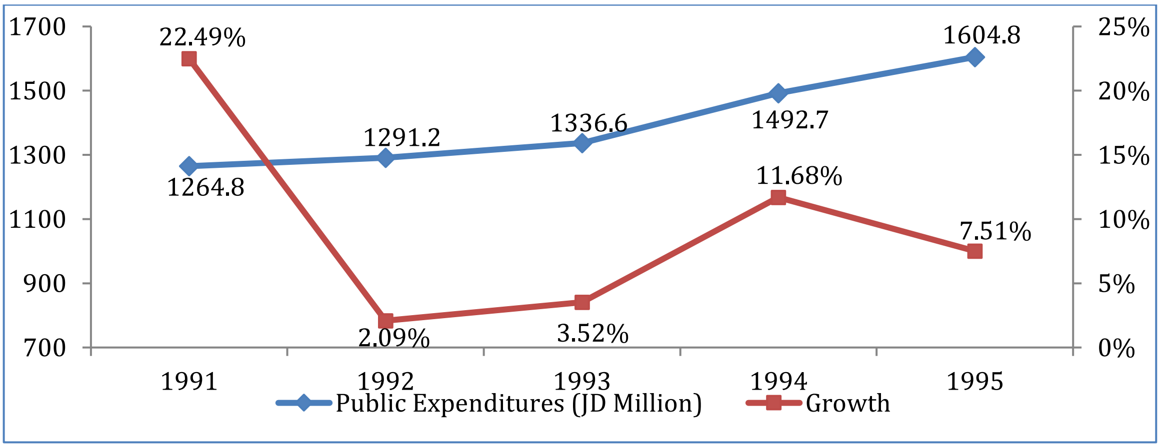
Source: Statistical Database, Central Bank of Jordan

Figure A19 Public Expenditures, 2002-2006 (JD Millions)



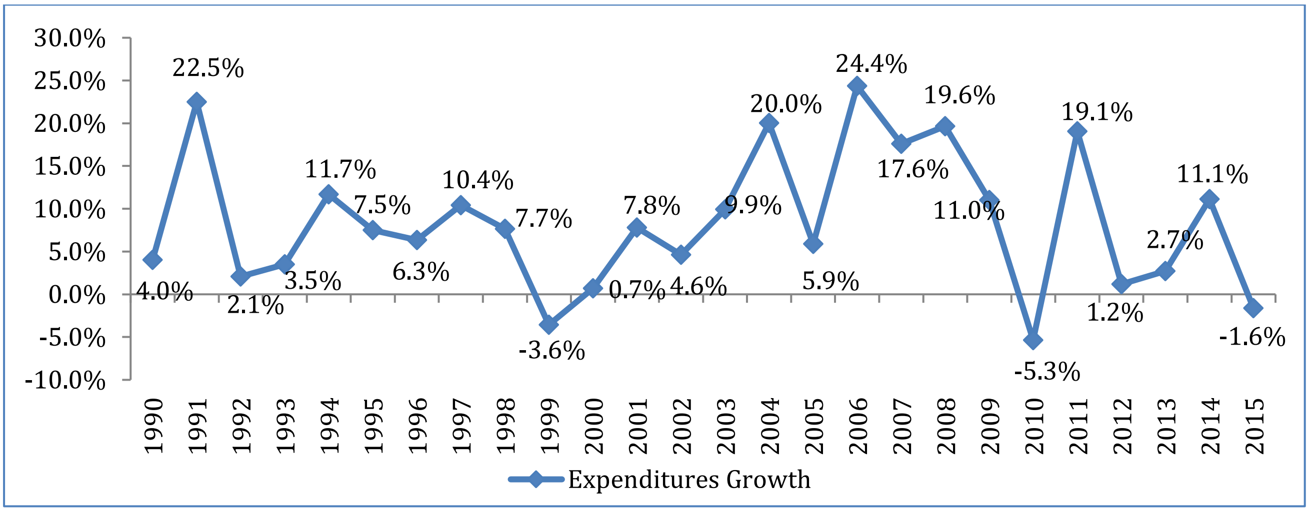
Source: Yearly Statistical Data "50th", Central Bank of Jordan

Figure A20: Public Expenditures, 1991-1995 (JD Millions)



Source: Yearly Statistical Data "50th", Central Bank of Jordan

Figure A21: Public Expenditures Growth, 1990-2015

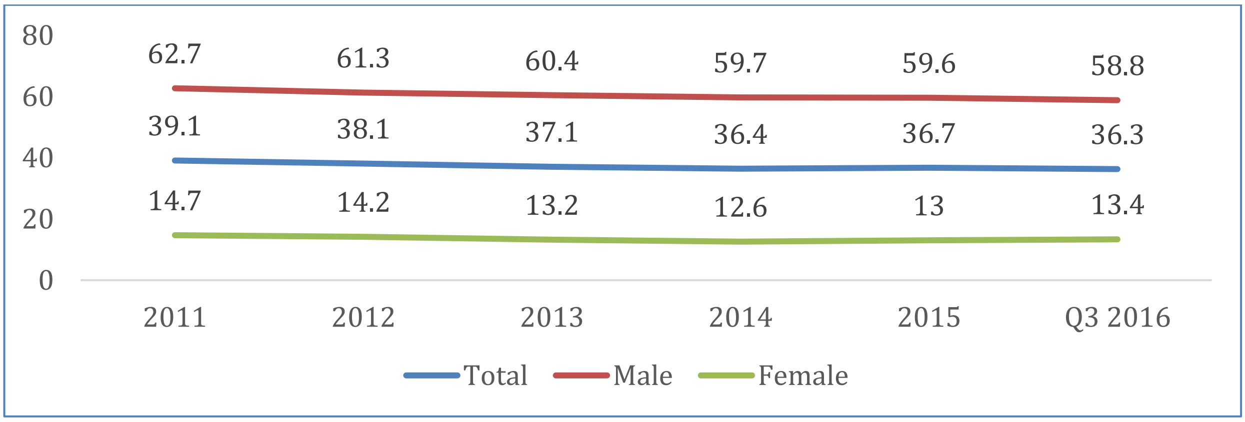


Source: Yearly Statistical Data "50th" and Statistical Database, Central Bank of Jordan

7.7 The Labor Market

7.7.1 Labor Force Participation Rate:

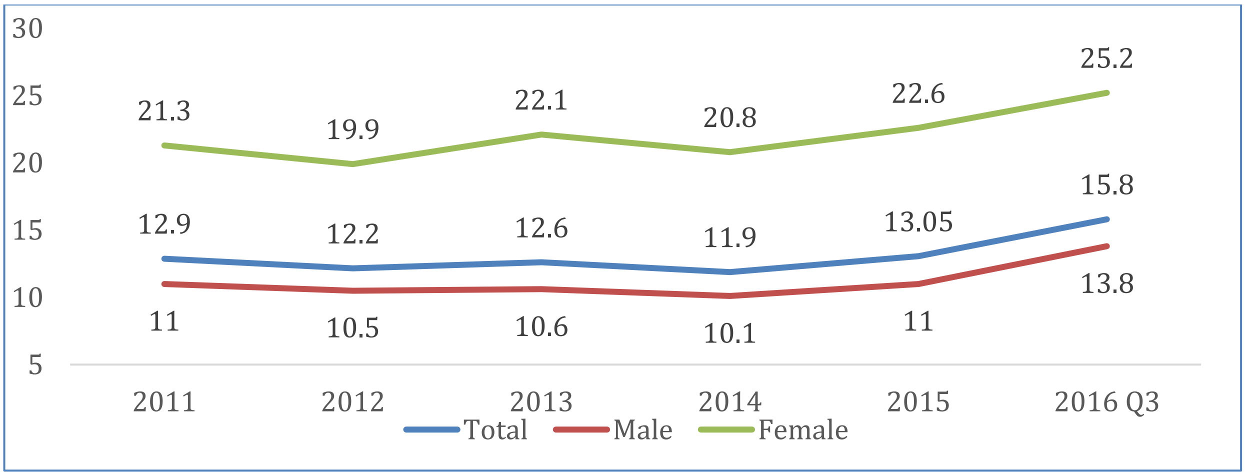
Figure A22: Labor Force Participation Rates



Source: Department of Statistics, Jordan

7.7.2 Unemployment:

Figure A23: Unemployment Rate, 2011-Q3 2016



Source: Department of Statistics (DOS) Jordan

Table A2: Unemployment Rate by Governorate

Governorate	2014	2015
Amman	10.3	11.5
Balqa	15.1	12.2
Zarqa	10.2	13.4
Madaba	12.2	15.7
Irbid	13.2	14
Mafraq	15	15.2
Jarash	12.7	11.9
Ajloun	14.2	14
Karak	12.6	14.9
Tafiela	15.4	15.7
Ma'an	15.4	16.8
Aqaba	10.5	12.7

Source: Jordan Labor Market in Figures 2016, Ministry of Labor

Table A3: Percentage Distribution of Unemployed Persons by Age Group

Age Group	2014	2015
15-24	49.7%	48.3%
25-39	41.14%	41.1%
40+	8.9%	10.5%

Source: Jordan Labor Market in Figures 2016, Ministry of Labor

Table A4: Percentage Distribution of Unemployed Persons by Educational Level

Education Level	2014	2015
Illiterate	0.5%	0.5%
less than Secondary	43.7%	43.4%
Secondary	7.3%	6.5%
Intermediate Diploma	7.9%	9.3%
Bachelor and Above	40.6%	40.3%

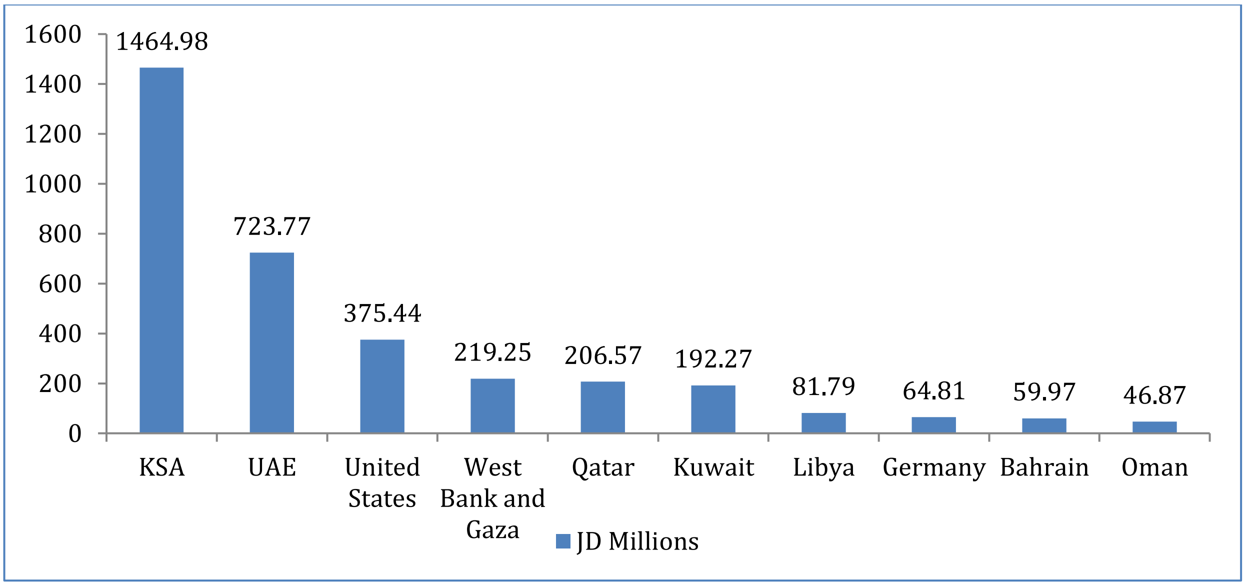
Source: Jordan Labor Market in Figures 2016, Ministry of Labor

8. Annex –B-
Remittance Inflows

1. 2015

Despite Jordan receiving personal remittances from 76 separate countries in 2015, ten countries provided approximately 91% of these transfers. Figure (B1) below shows the top ten sources of personal remittances in 2015:

Figure B1: Top Ten Sources of Remittances Transfers in 2015 (JD Million)



Source: Bilateral Remittance Matrix 2015, World Bank

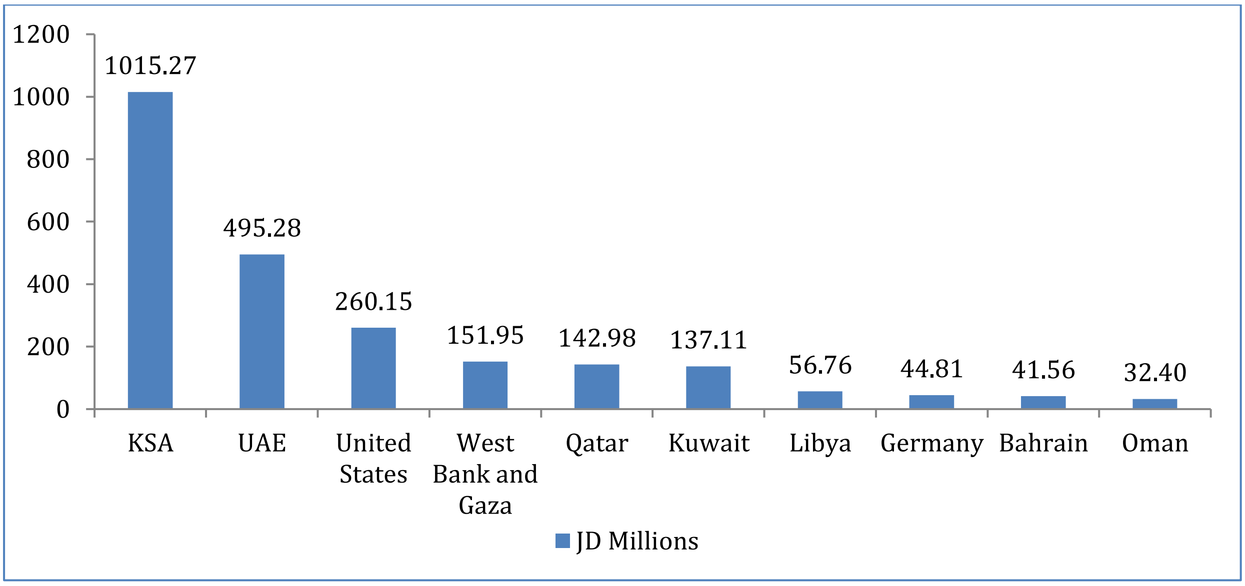
KSA was by far the largest source of personal remittances in 2015, accounting for approximately 38.7%, or JD 1,464.98 million, of the total personal remittances for the year. The UAE was the second largest source of personal remittances with just under half of that of KSA with JD 723.77million and accounting for 19.1% of total personal remittances. The third largest source was United States with JD 375.44 million, followed by the West Bank and Gaza with JD 219.25 million. However, it should be noted that in both 2011 and 2012 the West Bank and Gaza was by far the largest source of personal remittances. The only European country included in the ten largest sources of personal remittances was Germany with JD 64.81 million. Note that eight of the countries shown in the figure are Arab countries, of which six are GCC members. Also note that Bahrain has replaced Canada.

2. 2014

Jordan received JD 2,620.54 million in personal remittances from eighty separate countries, of which 90.1% was contributed by the ten largest sources. Personal remittances inflows from Saudi Arabia reached approximately JD 1,015.27 million in 2014 and therefore accounted for 38.7% of total personal remittances. The second largest source of personal remittances was the UAE followed by the United States with JD 495.28 million and JD 260.15 million respectively. Only two of the largest ten sources were not Arab countries, United States and Germany.

Furthermore, of eight Arab countries, seven are members of the GCC. Figure (B2) below shows the ten largest sources of personal remittances in 2014:

Figure B2: Ten Largest Sources of Personal Remittances, 2014 (JD Million)

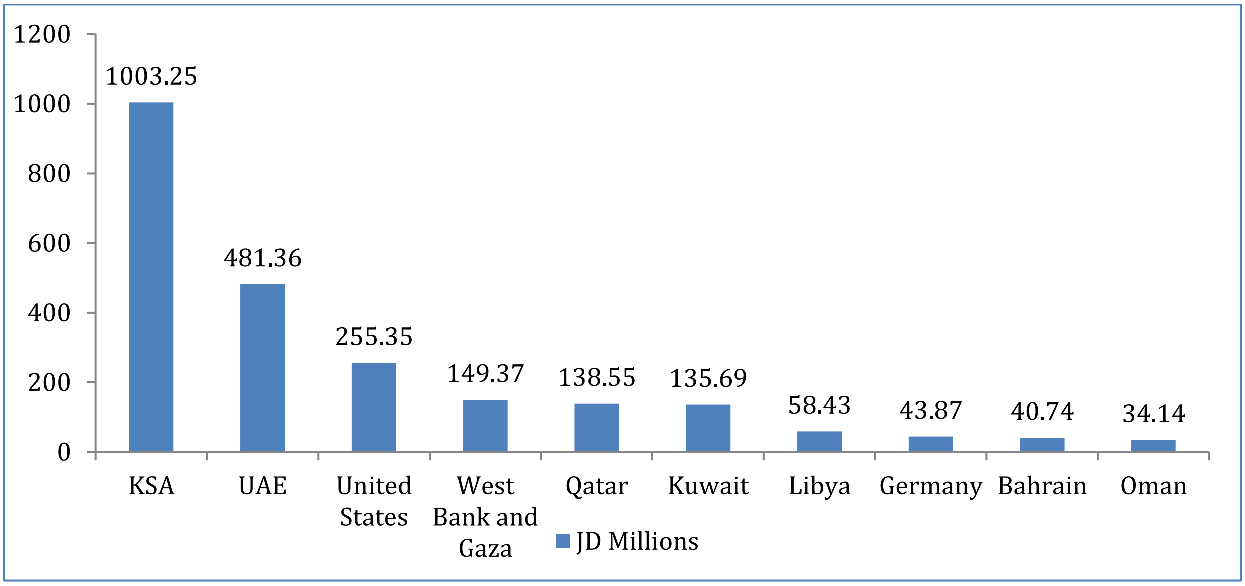


Source: Bilateral Remittance Matrix 2014, World Bank

3. 2013

Personal remittances in 2013 reached JD 2,579.02 million and were received from 76 different countries. The remittances received from the largest ten sources accounted for 90.8% of total personal remittances. The largest source of remittances was Saudi Arabia with JD 1,003.25 million and therefore providing approximately 38.9% of the total personal remittances for 2013. The second largest source was the UAE with JD 481.36 million or 18.7% of total personal remittances. The United States was the next largest source after the UAE, providing JD 255.35 million, or 9.9% of the total. Furthermore, only two countries included in the list are not Arab countries, the United States and Germany. The remainder, except for Libya and the West Bank and Gaza are all GCC members. Figure (B3) below shows the ten largest sources of personal remittances in 2013:

Figure B3: Ten Largest Sources of Personal Remittances, 2013 (JD Million)

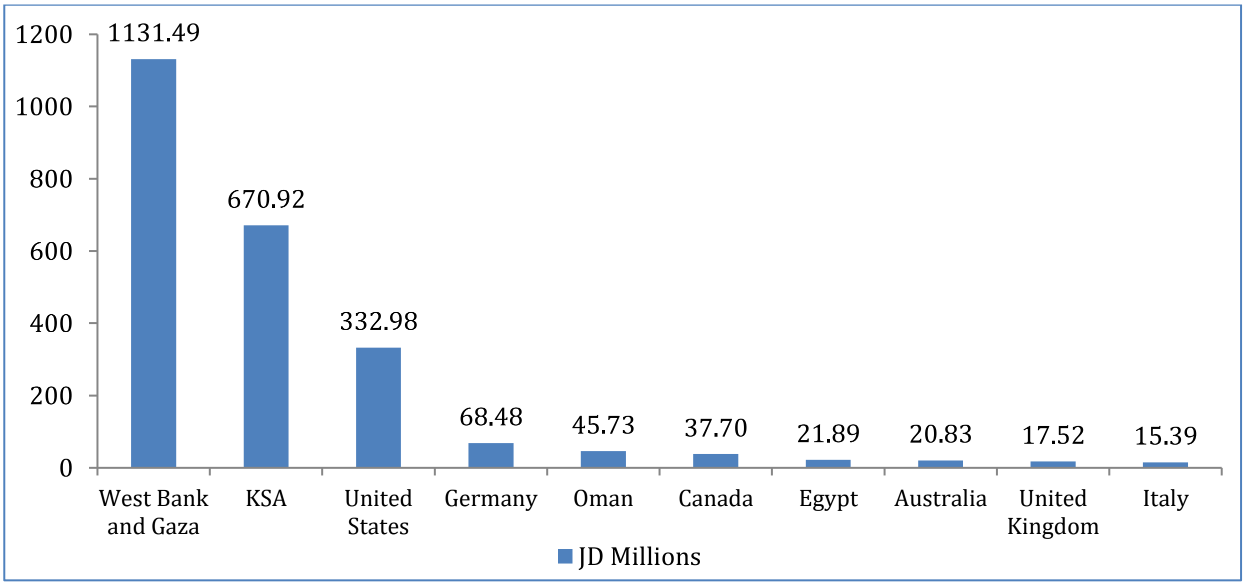


Source: Bilateral Remittance Matrix 2013, World Bank

4. 2012

Personal remittances reached JD 2,579.16 million from fifty-one countries, with the largest ten sources providing approximately 91.6% of the total, in 2012. What is notable in this year is that six of countries included in the ten largest sources of personal remittances are non-Arab countries; of which only two, Saudi Arabia and Oman, are GCC members. Figure (B4) below shows the ten largest sources of personal remittances in 2012:

Figure B4 Ten Largest Sources of Personal Remittances, 2012 (JD Million)



Source: Bilateral Remittance Matrix 2012, World Bank

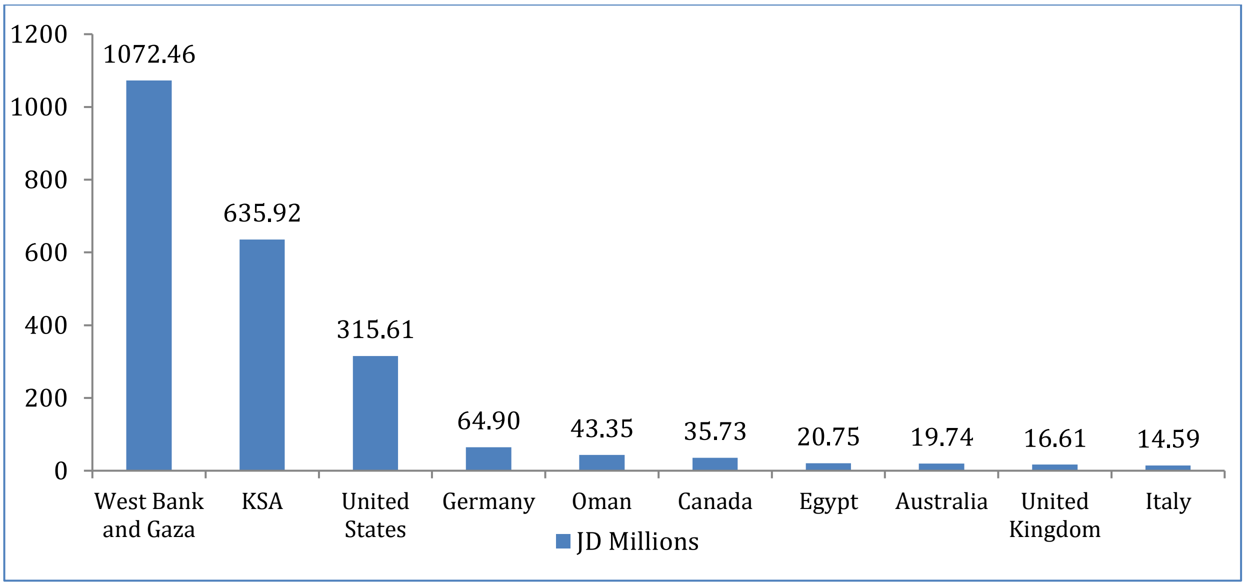
The West Bank and Gaza was the largest source of personal remittances in 2012 with JD 1,131.49 million, equating to 43.9% of the total. Remittances from Saudi Arabia, the second largest source, amounted to JD 670.92 million or 26%. The third largest source was the United States with JD

332.98 million, or 12.9%. The remaining non-Arab countries from which Jordan received personal remittances include Germany, Australia, the United Kingdom, and Italy.

5. 2011

Jordan received personal remittances from 51 countries with a total value of JD 2,444.59 million in 2011. The ten largest sources of personal in 2011 are shown in Figure (B5) below:

Figure B5: Ten Largest Sources of Personal Remittances, 2011 (JD Million)



Source: Bilateral Remittance Matrix 2011, World Bank

The West Bank and Gaza was the largest source of personal remittances with JD 1,072.46 million and thereby accounting for 43.9% of total personal remittances received in 2011. Saudi Arabia was the second largest source with JD 635.92 million, or 26% of total personal remittances, while the United States was the third largest source with JD 315.61 million, or 12.9% of the total. The majority of the countries shown in the figure above are non-Arab countries, much like in 2012.

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