



# **KHF ENTREPRENEURSHIP SUPPORT AND THE IMPACT OF COVID-19 ON JORDANIAN ENTREPRENEURS**



The King Hussein Foundation (KHF) partners with Oxfam in the Youth Participation and Employment programme (YPE) to promote entrepreneurship through supporting youth to engage in business start-ups and scale-ups. KHF projects support community-based organizations (CBOs) in establishing revolving funds, training CBOs in microfinance management and building the capacity of potential entrepreneurs. Apprenticeships and shadowing are two examples of popular approaches to facilitating entrepreneurship and self-employment. During the COVID-19 crisis, KHF has continued the implementation of activities virtually. This case study presents examples of young people utilizing financial support, reaching out to new clients using ICT, and eventually exploring ways to mitigate the impacts of COVID-19.

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Cover photo: A woman entrepreneur supported by KHF in Jordan on her sewing machine at her workshop. Credit: Nesma Alnsour/Oxfam.

# 1 INTRODUCTION

The King Hussein Foundation (KHF) carries out national and regional programmes in Jordan that promote education and leadership, economic empowerment and participatory decision making. The Foundation focuses on community development, advocacy and research. It has four business incubators that serve vulnerable people, providing business development services, capacity building and technical support, coaching and mentorship, and loans and grants to establish market-oriented small and medium enterprises (SMEs). It facilitates lasting impact in underprivileged communities by creating more economic opportunities, building self-reliance and improving livelihoods, through approaches including access to microfinance, participatory decision making and advocacy, business development services and the establishment of community enterprises for income-generation.

Based on its extensive experience in building businesses at the community level, KHF partners with Oxfam in the Youth Participation and Employment (YPE) programme to promote entrepreneurship through supporting youth to engage in business start-ups and scale-ups.

Through the programme, KHF has established revolving credit funds, trained six CBOs in microfinance management, and is building the capacity of 175 potential entrepreneurs who have completed a feasibility study to apply for revolving fund loans from targeted CBOs. Oxfam and KHF have strategic partnerships with CBOs in several governorates. These are aimed at supporting community-driven entrepreneurs, especially women and youth, to come up with and start their businesses or to scale up businesses that already exist.

Collaborating with CBOs provides an opportunity for vulnerable and disadvantaged groups to benefit from access to finance opportunities, through micro-credit loans and in-kind contributions with lower risk and interest rates compared to other financial institutions, such as banks or micro-financing institutions. It also ensures sustainability and ongoing technical support for entrepreneurs and business owners.

The first step was to build the capacity of local CBOs to support youth employment by providing them with the means to invest in youth skills and human capital at the local level, through apprenticeships and shadowing. KHF also provided funds to facilitate youth entrepreneurship and self-employment – including among women.

KHF efforts supported CBOs in establishing revolving funds, selecting projects, conducting feasibility studies and monitoring and coaching both CBOs and programme participants. The Foundation has a long record of building capacity through working directly with local communities to improve CBOs' internal operations and their ability to attract external funding.

In April 2020, in the midst of the COVID-19 country-wide lockdown, the KHF project team continued the implementation of activities on digital platforms. Once movement restrictions were relaxed, allowing fieldwork and gatherings of up to 20 people, the KHF team adapted its training to ensure safety and social distancing measures.

According to the UNDP, COVID-19 has had a severe impact on Jordanian households, with only 11.3% reporting that their income was unaffected by the crisis.<sup>1</sup> Many Jordanians are struggling to cover basic needs, with youth and, more generally, the poorest families being hit the hardest. KHF programme participants have handled the impact of COVID-19 on their business in various ways. Some small businesses have found an opportunity in online business, and others have changed the nature of their projects, while some are still debating how best to mitigate the impact of the pandemic.

## 2 TURNING A CHALLENGE INTO AN OPPORTUNITY

Abeer Al Zoubi has a diploma in special education. She used to work as a teacher in a private school, close to her home in Zai at al Balqaa. However, she left her job as a teacher, as she was unhappy with the work environment and wanted to improve the livelihood of her family (two children and her husband, who works as a daily-wage labourer).

‘I always wanted to start my own home-based business. I used to make traditional cookies and was starting to take orders from distant relatives and neighbours. My business expanded to a degree where I felt I needed financial support to meet the increase in demand’, Abeer explains.

She approached KHF partner the AL Morjan Charitable Society to get a loan to expand her business. There, she learned about the KHF-YPE project and decided to enrol in the KHF training. Abeer learned to manage a project, create a budget, price and package products, and develop a business. She then enrolled in a second KHF course, on managing micro-businesses. Afterwards, she applied successfully for a 500 JOD (€580) loan.

‘I bought all the supplies and equipment needed for production, followed all the steps I learned at the KHF training and contacted my clients to inform them I was ready to receive orders. My cookies sold well – until COVID-19. My family tested positive for the virus, and although we self-isolated and recovered, our relatives and neighbours were not willing to buy my products anymore. They were too afraid and knew nothing about COVID-19. The isolation imposed on us was worse than catching the virus itself.’

At that point, Abeer realized that she had spent the working capital on purchasing equipment and ingredients. Accordingly, she decided to contact a friend of hers to sell all the equipment, flour, the oven and nuts. Sadly, no

one was willing to buy them directly from her, for fear of getting infected. Fortunately, she managed to get back her working capital. 'I knew by then that I would not be able to continue my original project. I was not going to allow COVID-19 to destroy my dream. I started to look for another project idea.'

'I informed the Executive Director of AL Morjan Charitable Society about the change of the project, based on my feasibility study', Abeer explains. 'Once I started sourcing houseware wholesalers and calculating the cost and prices, I realized that this shift in business was in my favour. It was less labour-intensive and more profitable.'

Using what she learned during the KHF training, she mapped the needs of her local community and realized there were no houseware stores in the area. She also noticed that community members were reluctant to go shopping, for fear of catching COVID-19. Via WhatsApp, she contacted a group of women who worked from home to validate her observation. They encouraged her to pursue her new project idea.

Abeer followed the steps she learned during the training with KHF. She sourced the products, agreed with wholesalers to pay in instalments, contacted customers and showcased the products. Once she received orders, she would deliver them to clients on Thursdays, with the help of her husband. She also encouraged clients by accepting payments in instalments and offering a gift-wrapping service – expanding her client-base as far as Amman, with seven WhatsApp groups of clients who regularly buy her products. For clients who were seeking special products, such as resin and wood products, she showed them an image of the product first and agreed on the price before sourcing and delivering it. 'I try to minimize the risk of stocking products that are not sellable. I try to keep cash flowing in order to repay the loan and to support my family.'

Abeer's husband has fully supported her work, offering to join her as a partner. She also credits her success to women like her who are working from home. 'We support each other and spread the word among our clients about new home-based businesses. This solidarity has helped me a lot. When I remember my teaching days, I regret not having started my own project then.'

### **3 REACHING OUT TO NEW CLIENTS USING ICT**

Israa Bashir al Zoubi is a member of the Executive Committee at the AL Morjan Charitable Society. She lives in Alaan, in al Balqaa Governorate. When the Society was set up in 2014, she says, it was not common for women to go outside the community, establish projects or to work in environments where men and women work together.

‘I used to make za’atar, labaneh, sumac and ghee at home to sell to family members, distant relatives, friends and neighbours’, she says. ‘I sold products for 4 JOD (€5), while they cost me 6 JOD (€7). I was unable to calculate the cost. What mattered to me was selling all the products that I have produced.’

When the Society started its collaboration with KHF and YPE in 2018, Israa decided to enrol in the KHF training. This enabled her to calculate her indirect costs, control the quality of her products, and develop their presentation and packaging. Towards the end of the project, she managed to obtain a quality certificate for her products from the Royal Scientific Society. Meanwhile, KHF provided her with support to design her logo and packaging.

‘The demand for my work has increased, due to the KHF support’, explains Israa. ‘They helped me to take part in al Balqaa University Fair, and I sell products and arrange their delivery through a Facebook page and [www.fruit.jo](http://www.fruit.jo). I also made an agreement with Safeway (a national supermarket chain) to sell my products [in their stores], although selling online or from home is much easier and more profitable.’ All Israa’s ingredients are grown locally, so they also benefit nearby farmers and the community.

‘My husband and family have supported my business, as I bring [in] income to our household to guarantee a decent living standard for my children’, she says. COVID-19 has affected Israa’s business, slowing her ability to market her products and decreasing her customers’ purchasing power, but she still has plans for the future. ‘My experience with KHF has encouraged me to expand my work to support more women in the community. I have obtained a licence to operate a catering business from home. My idea is to cater for schools in the area, enabling more women to work with me – although I need a financial grant to start this project.’

## 4 EXPLORING WAYS TO MITIGATE THE IMPACT OF COVID-19

Mohammad al Saudi has a degree in accounting. He graduated from university in 2016 and joined a small private company as an accountant for 18 months. However, the company closed down in 2018, leaving Mohammad unemployed – but determined.

‘I was not going to sit idle with no job’, he says. ‘I approached al Hassa Charity for Orphans and Poor Support to enrol in the KHF training, so as to start my own business. I attended workshops in July and August 2020. Despite being an accountant, the workshop was of great benefit, as I

learned about financing a small business, management and how to conduct a feasibility study for a project.'

With support from KHF and a partner CBO, Mohammed received a loan of 1,000 JOD (€1180) to start a café in January 2020, serving drinks and snacks to drivers along the desert highway. The first two months brought excellent income, until the COVID-19 lockdown forced him to shut down. Mohammad reopened his business in late June 2020, but the situation was bleak in comparison with the start of the year. Tourism stopped and truck drivers preferred to save money, instead of buying snacks from a café. Mohammad is currently facing serious cash-flow problems after losing three months of income due to the lockdown and a lack of demand.

In an attempt to mitigate the situation, Mohammad is exploring the possibility of changing the café's location, either closer to the main road or relocating completely, to be nearer Amman. When asked about other solutions, he suggested introducing a scheme of extra funds or in-kind support that can help small businesses mitigate the impact of COVID-19. 'The KHF project could support us with introducing complementary products to bring [in] more cash or by rescheduling the loan repayments', he suggests.

Oxfam and its YPE partners know they will increasingly witness the economic ramifications of the pandemic, so they are exploring mechanisms to enable existing businesses to mitigate its devastating effects. This can be done through rescheduling loans or supporting business owners to amend their business plans to respond to changes in consumer behaviour following COVID-19. The mechanism could also apply to new project ideas. KHF also seeks to address consumers' current conservative approach to spending, by building potential business owners' capacity to assess market needs at the governorate level before designing their projects.

# NOTES

1 UNDP. (2021). *COVID-19 – Impact on Most Vulnerable Households in Jordan*.  
<https://www.jo.undp.org/content/jordan/en/home/library/covid-19--impact-on-most-vulnerable-households-in-jordan.html>





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