

# Gender Justice

Policy Brief

Women's Advocacy Issues- Volume 1

**WOMEN-LED CIVIL SOCIETY ORGANIZATIONS EMPOWERED  
VULNERABLE WOMEN DURING COVID-19 PANDEMIC:  
THE INDEBTEDNESS OF WOMEN IN JORDAN**

October 2020



**ARDD**

النهضة العربية للديمقراطية والتنمية  
Arab Renaissance for Democracy & Development

**Women's Advocacy Issues**  
**Policy Brief**  
**Volume 1**

---

**WOMEN-LED CIVIL SOCIETY ORGANIZATIONS EMPOWERED  
VULNERABLE WOMEN DURING COVID-19 PANDEMIC: THE  
INDEBTEDNESS OF WOMEN IN JORDAN**

October 2020

## Summary

Indebtedness is one of the main factors that impacts women's economic empowerment in Jordan. Women in Jordan have one of the lowest labor participation rates in the world, double digit unemployment rates reaching over 30%, and since they hold lower financial inclusion rates than men, they are more likely to be indebted. The COVID-19 crisis has only exacerbated this situation.

The brief aims to evidence the impact of the COVID-19 pandemic has had on women and to include the women's specific needs. Women-led civil society organizations (CSOs) provided aid to women who have the opportunity to borrow money for small businesses, and have specific regulations for loan types, grace periods and loan repayment. Moreover, some CSOs provide legal counselling and aid, free of charge, to "Gharimat" through their organizations. However, women still face challenges related to loan repayment, which the policy brief addresses with a set of recommendations.

## Acknowledgement

The Arab Renaissance for Democracy Development (ARDD) is producing a series of policy briefs within the framework of the project "Strengthening the Capacities of Women-led CSOs in Evidence Based Advocacy and Women, Peace, and Security (WPS) Agenda" supported by UN Women with the generous funding of the governments of Canada, Finland, Norway, Spain, and the United Kingdom. ARDD acknowledges the support of the women-led civil society partners involved in the project implementation and thanks the representatives of the organizations for their meaningful contribution.

---

The government of Jordan's early and decisive response to the pandemic initially received international and local praise. Its response, however, it is significant to highlight that more gender-responsive approach to social and economic protection and inclusion needs to be integrated in national COVID-19 emergency response. Consequently, the COVID-19 pandemic has had a heavy negative impact on the most vulnerable groups, including women and girls, migrants, refugees and people with disabilities.

COVID-19 and the government response to it worsened the situation for women as they lost income, mobility and access to legal support, which in turn curtailed the receipt of payments and support that women's livelihoods depended upon. This is true particularly for single mothers, and female headed families. Furthermore, women-led CSOs were severely impacted by the measures taken by the government, rendered unable to consistently meet the needs of their communities. Amidst the uncertainty about the future, in view of the pandemic, and the depressed state of the economy, it is necessary to effect policy changes regarding women indebtedness and lend support to WLCSOs.

## Overview

This brief tackles the issue of women's inclusion in the labor force and the unemployment rates among them, before and after the onset of COVID-19 and the experience of women-led CSOs have had in dealing with indebted women in their community, and offers policy recommendations on how to address indebtedness in Jordan. The research utilizes qualitative data (interviews) from 19 WLCSOs in Jordan, as well as national data on women from the Department of Statistics (DoS) in Jordan.

### **Women in Jordan have one of the lowest economic participation rates globally**

The unemployment rate among women in Jordan, during 1991-2018, remained between a maximum of 31.1% and a minimum of 20%, while that of men ranged between 10.1% and 16.5%. The unemployment rate of women and men in the second quarter of 2020 was 28.6% and 21.5%, respectively; thus, the unemployment rate increased 4.4% for males and 1.4% for females compared to the second quarter of 2019.

The refined economic participation rate (the labor force attributed to the population 15 years and over) was 34.1% (53.8% for males and 14.1% for females, the lowest participation rate of women in the world) in the second quarter of 2020, compared to 34.6% (53.9% for males and 14.5% for females) in the second quarter of 2019. This means that 0.5% of women above 15 years of age dropped out of the labor force during the first quarter of the pandemic, which further exacerbates the impact of COVID-19 on women employment and earnings.

### **WOMEN in Jordan are more vulnerable to accumulating debt**

While women have a lower number of bank accounts (27.2%) compared to men (37.6%), they have a higher borrowing rate (12.1%) than men (8.2%), which indicates that women open bank accounts to borrow, not to save or conduct other transactions. Microfinance Institutions (MFIs),



rather than banks, are more likely to lend developmental loans to poor women because banks follow stricter criteria to avoid lending to risky clients, including poor women. Evidently, women, who are less financially included, are more vulnerable than men to debt accumulation and repayment.

In 2019, the Minister of Social Development (MoSD) stated that around 50,000 women were wanted for charges of financial fraud. The total amount of unpaid loans was JD7.5 million. Around 9,000 of these loans did not exceed JD1,000 per loan. Many women in Jordan were trapped in debt and some of those women ended up in prison; the phenomenon of women in debt became known as “Gharimat”) indebted women).

### **Women-led CSOs empower other women during COVID-19 outbreak**

Women-led CSOs in Jordan have worked to aid women with loan opportunities for start-up businesses, as well as for education opportunities and better living conditions. Women-led CSOs have proved to be extremely resourceful within their own communities (i.e. maximizing social capital in their communities for the benefit of the people in need), however they often have limited opportunities for capacity building and collaboration with other sectors and organizations in their communities. Consequently, women-led CSOs have scant resources. Notwithstanding, from the start of the pandemic, women-led CSOs provided financial assistance, food, hygiene products, loans for start-up and small businesses, and personal loans to families in need in their communities.

Women-led CSOs provided two types of loans: business and personal. For business loans (Business venture, small-home business), the amount does not exceed JD500 per loan with a grace period of 6 months and a monthly repayment of JD25. Also, borrowers must attend formal training courses about small businesses and money management, customer service. For personal loans (livelihood expenses, home repairs, university/school tuition), no formal training is required, the amount ranges from JD250 to JD500, with no grace period and a monthly repayment of JD25.

Lockdown measures at the start of the pandemic restricted movement and halted commercial activity for nearly three months. The measures also stalled income for many women who had obtained loans for their businesses. To address the problem, WLCSOs extended the payback periods for all types of loans until the end of 2020.

Since the beginning of the lockdown in March, WLCSOs have been unable to distribute any loans to recipients through their organizations due to a halt in funds and a relatively large percentage of unpaid loans. Several WLCSOs said that because they cannot distribute loans, organization and community members come together to collect money for women in need of loans.

The strains of the pandemic have limited WLCSOs’ capacities and ability to function, as well as their internal funds. Many of their employees currently receive reduced salaries, due to cuts in funding as a result of the pandemic, and several projects have either been cancelled or put on hold due to lack of financial support.

---

## Comprehensive solutions needed





The vulnerabilities that were heightened by COVID-19 highlight the great need for a permanent and comprehensive solution toward women indebtedness. ARDD suggested the following key policy recommendations to support women's increased participation in economy and reduce their vulnerabilities:

1. **Increase legal assistance and outreach efforts** regarding WLCOs debt.
2. **Getting credit:** Greater expansion and utilization of the Credit Information Law No. 15 (2010). Debt is traditionally financed by banks based on real estate as collateral in Jordan; lenders must move toward giving credit by taking into consideration the creditworthiness of a customer, credit guarantees, the project's feasibility study, the ability to pay off the loan and the project's competitiveness.
3. **The Jordanian Insolvency Law No. 21 of 2018** should enable borrowers to reorganize, preserve the rights of lenders and encourage the continuity of projects and enterprises, and movement of capital into other ventures, instead of waiting for several years to close a business; such tardiness in the movement of capital stagnates the circulation of financial resources.
4. **MFIs:** Regulate the interest rates charged by MFIs and other similar companies that are not registered as MFIs, improve oversight of MFIs and regulate all companies that act like MFIs but without a regulatory mandate and oversight.
5. **Create more awareness of the "Registry of Interest in Movable Assets"** to enable the use of movable assets as a source of credit to SMEs.
6. **Establish a national quota** for banks to lend to women and gain better access to credit.
7. **Remove the jail penalty** (for both men and women) for defaulting on debt, which would become unnecessary if a national credit database existed.
8. **For those that are in jail**, sentences could be replaced with community service.
9. **Strengthen institutional capacity building of WLCOs** and build partnerships between CSOs and other local partners, through cross-sector capacity building.
10. **Enhance the allocations** of funds to people with disabilities.
11. **Expand social safety networks** to better cover the needs of women.
12. **Establish private (through corporate social responsibility) and public funds** to support the needs of women.
13. **Increase women's awareness** about their social, economic and legal rights in Jordan.
14. **Provide free legal assistance** to women in debt.



النهضة العربية للديمقراطية والتنمية  
Arab Renaissance for Democracy & Development

P.O.Box: 930560  
Amman11193 Jordan  
Tel: +962 6 46 17 277  
Fax: +962 6 46 17 278  
[www.ardd-jo.org](http://www.ardd-jo.org)

   ar\_renaissance  
 ArabRenaissance