ECONOMIC SCENARIO PLANNING
FINAL REPORT

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1.0 Executive Summary

The USAID funded Economic Development Program (SABEQ) in its overall economic cooperation with the Government of Jordan, conducted economic scenario planning sessions to explore possible outcomes in response to potential challenges that may arise. By formulating and conducting discussions around these scenarios among stakeholders, the objective was to uncover potential opportunities and threats that can enhance or undermine Jordan’s continued development. The expectation is that Jordan will develop a range of potential actions leading to response plans.

The program was carried out with Jordan’s Social and Economic Council, whose mandate is to help bridge the gap between the public and private sectors. The Council formed the first planning group session.

Most scenario planning is expressed as stories, in the form of overall situations. After discussing current economic conditions with many high-level stakeholders, several scenarios were developed to be used in discussion with groups of business leaders from various sectors of the Jordanian economy. In this report, three scenarios were developed, using several external variables and internal variables, concurrently. The first, “Same Path Scenario,” sets the stage for a continuation of current Jordanian development amid continued global economic volatility. The second scenario, “Filling the Well,” is more optimistic. The third, “Empty Well Scenario,” pictures Jordan having to respond to another downturn in the global economy. After these inclusive scenarios are presented, several shorter ones are included to present one variable at the time to aid in narrowing discussion and solution finding.

The eight focus groups, organized by SABEQ, grouped private and public sector leaders according to shared interests in a given economic sector. These groups included: 1) the Social Economic Council itself; 2) the Trade and investment community; 3) Industry sector, or manufacturing; 4) Banking and finance; 5) Tourism; 6) Water and energy; 7) Education; and 8) NGOs and the news media. The groups were limited in size in order to stimulate a thorough discussion among all within a limited time period (three hours). In all, 70 people participated in these discussion groups. Attached to this summary are the individual reports from each of the eight sessions (Annex 6.2).

Participants in each of the groups reviewed the key findings of the economic scenario report. They were asked to identify any issues within this report or any other issues taken from their own experience that they felt merit consideration as a strategic issue under one or more of the three scenarios. Each group understood that in the three hours they had, they would not have time to follow a complete planning process. Instead, they were to identify those aspects of the strategic environment that were most important to their respective sectors, and in light of this environment, to identify the key strategic goals that needed to be achieved for their sector to be successful in each of these three scenarios. The strategic environmental assessment was done using a SWOT analysis – that is, the groups identified the internal strengths that they had to build on and weaknesses that they had to address, as well as the external opportunities they
could identify that they could take advantage of, or threats for which they might need to be prepared. As can be seen in the discussion below, there was considerable overlap in the goals that were identified by each group, as well as in the strategic objectives that they identified as being needed to accomplish these goals.

In all of the sessions, three main issues emerged: 1) the need for an education system that better addresses the needs of the industries in Jordan; 2) the need for more public-private partnerships; and 3) the need to attract more foreign investment. This was true across all scenarios – groups could think of no better way to address disaster, take advantage of new opportunities, or fix the current problems facing Jordan.

Our recommendations, therefore, center on ways to address these issues. Education reform is critical in order to address not only Jordan’s current human resource needs, but also its needs in the future. Jordan’s educated workforce is a major contributing factor to its competitive advantage, and the country cannot afford to lose its talent to neighboring countries, only to pay to bring in foreign workers. By refocusing the education system to produce graduates that can immediately fill the needs of Jordan’s industries (both current and up-and-coming), policy leaders will not only be fixing a current problem, but also helping to protect the country against a potential economic or political disaster (by having all the workers it needs on-hand and within-country). In this way, policy leaders can also help Jordan take advantage of one of its major strengths should the economy improve – its brainpower.

Public-private partnerships, in turn, help to fortify Jordan’s economy. By partnering, industries and government bodies can accomplish their goals much more effectively and efficiently than either could on their own. Bodies such as the Social and Economic Council can act as facilitators for such ventures. At the same time, there is recognition – particularly among the private sector in Jordan – that there is limited funding available in Jordan. The private sector leaders that participated in the scenario planning sessions had very high aspirations not only for their businesses but also for Jordan as a whole. They believed strongly that increased foreign-direct investment was the best way to quickly realize their goals and to improve employment opportunities. This is another area where the public and private sectors should be working together – the government working to attract foreign direct investment (FDI) and distribute it through public-private partnerships and business/industrial development programs.

Developing and diversifying Jordanian businesses and industries are good ways to safeguard against possible economic downturns. Through the discussions, it emerged that the tourism industry in Jordan shows particular promise, given the country’s stable position relative to its neighbors in the region, ideal climate, and warm and hospitable culture. Jordan is a place that people want to be – it is one of the country’s major strengths – and investing in tourism is a good way to take advantage of that strength with a relatively high return on investment. Regardless of the industry, however, these recommendations carry through no matter which scenario emerges – to take advantage of increased opportunities, fix current problems, and help to safeguard the Jordanian economy in the long run.

It is recommended that this analysis be developed into a cohesive master strategic plan by the Social and Economic Council. This work will require cooperation between the Social and
Economic Council and individuals representing key segments of Jordan’s economy. Sufficient time should be given to develop a thorough plan that encompasses the goals and strategic objectives, and all of the tactics that need to be achieved for this plan to be realized. Typically, the planning sessions for each scenario take up to one to two days to accomplish.

For the “Same Path” Scenario, the eight groups identified five strategic goals that should be the focus of attention should Jordan’s current economic and political situation remain the same. These goals are:

1) To further encourage government reform by expanding the use of government-private sector partnerships, and in general, involve the private sector in issues relating to best practices, and develop relevant, useful, and efficient policies.
2) Focus on reducing Jordan’s current unemployment by developing job intensive industries, such as the agricultural sector and manufacturing. Also, push for educational reform to help develop competencies among the skilled and unskilled labor that Jordan’s industries need.
3) Increase the accountability, effectiveness, and efficiencies of all public programs by focusing on global best practices and management skills and incentives of those who run these programs.
4) Focus on increasing GDP to reduce Jordan’s debt.
5) Develop programs that focus on social/quality of life development in the areas of education and healthcare to ease some of the social and economic pressures the country is currently experiencing.

The following report addresses in more detail the strategic objectives that need to be accomplished under each of these goals in order for them to be realized.

Under the “Filling the Well,” or optimistic, Scenario, the eight groups identified another five goals that should be the focus of public and private sector efforts to take advantage of identified opportunities that may fall into Jordan’s hands. These include:

1) Focus on education and workforce improvements to address the economic growth opportunities Jordan will have. Unless Jordan does this, it may squander such opportunities.
2) Improve access to global capital markets for Jordan and/or Foreign Direct Investment from international, multinational, and private sector sources. Increased opportunities means Jordan’s economy will have to develop increased capacity to take advantage of them.
3) Improve Jordan’s use of its existing resources – particularly in water and energy – not to squander opportunity through waste, and to develop greater efficiencies should an optimistic scenario turn more pessimistic.
4) Concentrate on the development of Jordan’s tourism sector, which is the sector that offers the greatest return on investment for Jordan at the least cost. This sector takes advantage of Jordan’s sunny and dry climate, which is ideal for sight-seers, and also of its friendly and hospitable culture and the existence of multiple historic sites. It was felt
that, should Jordan be able to expand its hospitality resources, this sector could offer far greater potential to increase Jordan’s GDP.

5) Further promote cooperation between the government and the private sector. This is particularly true as concerns Jordan’s employment, where there is a surplus of applicants for government positions even while representatives of private industry are unable to fill job slots, thus inhibiting their growth.

Each of these five goals are outlined in the main report along with the strategic objectives that the groups identified.

Under the “Empty Well,” or pessimistic, Scenario, the eight groups identified four strategic goals that Jordan should be focused on to prepare itself for multiple bad things that could happen to it. These are:

1) Further develop Jordan’s resources and industries to make the country more self-sufficient in the event of international or regional conflict or a crisis of any kind.
2) Continue to pursue government reform to make government more effective, and thereby less costly and more efficient and a better partner for private industry, and citizens at large.
3) Attract foreign investment, which will become even more necessary in the time of a crisis than at any other time. This foreign investment is best attracted by emphasizing Jordan’s uniqueness in the region as an island of stability, as well as a market of great growth potential and value to investors seeking a good return on their capital.
4) Continue to emphasize the development of the tourism sector (as noted under the scenario above) particularly by emphasizing Jordan as distinct from the “Middle East,” which is popularly associated with danger.

The strategic objectives for each of these four goals are outlined in the main report.
2.0 Introduction

Plexus Consulting Group, working with USAID-funded SABEQ Jordan, conducted scenario planning sessions to explore possible outcomes of future economic and social challenges that may occur. By conducting this type of analysis, Jordan may choose a set of alternative actions to benefit from positive, or to withstand negative, events.

In early 2009, the members of the private sector in Jordan discussed with USAID Economic Development Program (SABEQ) the need for scenario planning to preplan how the country should react in case various events would take place. They felt that there was a need for planning potential reactions to these events. Therefore, the idea was enacted to develop and study scenarios, using a cross-section of inputs from stakeholders across the government and private sectors. Plexus Consulting Group facilitated the sessions, and the timeframe was set at looking at the next 10 years, which would go out to almost 2020.

Scenario analysis is a method by which we create pictures of the future, based on how likely we feel those scenarios are to take place. These scenarios then form the basis of “what if” analysis. If a picture is worth a thousand words, then at times we need a thousand words (more or less) to create the picture. We might develop several scenarios that seem plausible, but then through discussion with stakeholders in the country, we narrow the choices to the few most plausible scenarios. We ask “how does the country react in the case of oil price increases,” for example. We then develop strategies and actions to deal with opportunities and crises, as they come up.

Our first step in scenario planning began with a desk review to update and analyze the current environmental and economic situation within Jordan. Data was gathered from various sources, including data from the Jordanian government, the World Bank, and the International Monetary Fund. These data are as up-to-date as we have access. We use these data to create a base for informative assumptions.

Plexus then investigated what other organizations, like the World Bank and IMF, were saying about the current and future prospects of Jordan. Our own scenarios do not have to follow what the other groups say, but it is good to get their opinions, too.

Third, Plexus developed scenarios in advance for the situations we thought were most likely to be faced in the next ten years. One scenario depicts a continuation of current conditions, which include some strong indicators and some more troublesome; the second depicts a strongly positive situation on a global, regional, and local scale; and the third offers uncertainty and more challenging circumstances. In this way, we developed a range of choices that identify potential threats and opportunities.

Fourth, individuals from the Jordanian government and the private sector discussed the set of scenarios to determine which were the most plausible and what elements should be changed, added, or removed. The assumptions that follow reflect desk research, but more importantly, interviews with important Jordanian leaders.

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1 To be very basic as to why we plan forward to deal with various events, if someone gets hurt, we should not look for the route to the hospital as we take the person there. If the electricity goes out, we plan ahead by having a fully charge flashlight. We review contingencies before events happen, just in case. By the same reasoning, such planning should be applied to larger events within a country as a whole, as well.

2 It is important to study contingencies that are based on both positive and negative possible events, to be assured that responses are well planned out, no matter what major changes cause shifts in our daily lives.
As meetings were held to test the scenarios and to make changes and additions, the consensus of opinion was that the three primary scenarios are useful. Many participants expressed strong support for SABEQ’s efforts to conduct scenario planning. They expressed that this effort is worthwhile and needed.

In the fifth step, groups were assembled by SABEQ to discuss the scenarios and to plan how to proceed to achieve the best results for the country given situational events as they may transpire. This final step of contingency planning has the potential to create energy and ideas among all stakeholders in Jordan’s future to help the country continue to grow and expand in spite of global, regional, or local challenges that may arise.

The sessions, facilitated by Plexus, were comprised of 5 to 15 leading individuals from different sectors of Jordan’s economy. Each group completed a SWOT analysis of Jordan given each of the three scenarios, and came up with goals that the country should work towards to overcome the challenges outlined in each scenario. This is one form of strategic planning, in which we ask – given \( x \) (the scenario), what will we need to do to overcome our current and future problems? What should the focus be? This methodology is detailed in full in Annex 6.4.

Scenario planning is used around the world to mitigate risk when we are unsure of future events. It is impossible to predict exactly what will happen to the global economy, to the environment, or within international politics, but by constructing a series of possible different scenarios and their implications and outcomes, we can plan for those situations in case they do occur. This exercise is important, as it allows Jordan to prepare itself for the future – no matter what the future brings.
3.0 Scenarios for Jordan

1. “Same Path” Scenario

This scenario assumes that very little changes in Jordan’s strategic environment – in other words, that the situation remains “status quo.” The implications are that any insights garnered from the SWOT analysis of this scenario are aimed at current problems, and any recommendations are therefore focused on fixing them. In this scenario, stabilizing the economy is paramount – this includes averting inflation, curbing unemployment, and positioning Jordan in such a way that it can grow sustainably.

   a. External assumptions

   The G-20 countries talk about working together, so that power is spread and expectations are set for each of these countries to stabilize its own economy for the good of the world. However, it does not materialize. These countries remain divided along old political lines.

   Oil prices remain volatile. The region continues to see the flux that has been occurring over the past several years.

   b. Internal assumptions

   Jordan continues to be buffeted by the world economy, changes in oil prices, and dependence on donor funds and worker remittances. Inflation subsides and is brought under control by the central bank. Unemployment issues do not change much, as new workers into the labor market almost equally match new job creation. Recovery takes effect, and new industries are introduced. Even so, disparities of income and opportunities continue, as educational reform is disjointed, so that trained workers are imported rather than “home grown.” The country remains highly dependent on a few nonrenewable exports and tourism. Sufficient water and arable land remain ongoing issues.

   There is still the possibility that without the inflow of funds from government and donors, demand will decrease causing a recession internally to Jordan, despite how the rest of the world is performing. In other words, if consumer spending and industrial demand are not sufficient to fill in the gap left by decreased government spending, then GDP will decline. These changes take time. There is also need to diversify revenue streams, to reduce dependence on these external sources.

   The value of the US dollar will continue to be somewhat volatile vis-à-vis the Euro and other currencies. As a result, the Jordanian Dinar (JD) will be volatile also. As stated above, this benefits Jordan as exports cost less in terms of other currencies, but that must be weighed against any drawbacks.

   Competition from other countries for foreign direct investment and for talented workers will remain keen. High quality workers and lower cost wages help to attract these industries, and this is an advantage that should be carefully guarded. Jordan is planning to continue diversifying industries into pharmaceuticals and high technology products, and has the World Bank’s help to do so. Collaboration with other countries trying to do the same thing can enhance development rather than try to directly compete with their industries, especially if they have more funds to dedicate toward industrial development. Complimentary industrial growth can enhance participating countries in the region.
The goals of education reform and more school attendance are goals that will be met. Efforts need to continue to develop the public-private partnerships that will enhance industry development and competitiveness. As stated above, education must take a lead to ensure that workers are ready when new industries are introduced.

Infrastructure is still a major issue. Water and energy will continue to challenge the country, as population increases. Feasibility studies are completed and work begins on water and energy projects. However, the expected end date is 2017.

c. SWOT Analysis

After reviewing the key points of the economic report as discussed above, each of the focus groups were told they were free to use the points coming out of the report or to use points of their own based on their own experience in their sectors that they felt would be most critical in designing a plan for each scenario. The means the focus groups used to conduct this analysis is called a SWOT analysis that consists of identifying the strategic strengths that Jordan has to build on, as well as its weaknesses that need to be addressed. The groups then went on to identify the external strategic opportunities that they felt would be likely in each scenario, and the possible threats for which Jordan should be prepared. Accordingly, under the “Same Path” Scenario, the eight focus groups identified the following strategic strengths, weaknesses, opportunities, and threats.

The SWOT analyses conducted during the eight focus group sessions have been compiled, and the most common answers among all groups have been listed below:

**Most Common Strengths:**
- Openness of economy, particularly compared to other countries in the region, Jordan is a relatively open economy and friendly to business investors of all kinds
- Location, climate, tourism sector, inviting culture (Jordan as a place where people want to be)
- Stable government, an asset that is particularly relevant to the region in which Jordan finds itself. This makes Jordan a haven and a magnet for those interested in the region
- Human Capital - Jordan has a lot of talent that is ready and available, which makes it an attractive economy for foreign investors and also an attractive labour source for domestic and foreign employers
- The high value and low cost of the workforce (Employing Jordanian workers gives good value for money)
- Good infrastructure, as the country has a good foundation on which to build
Most Common Weaknesses:

- Workforce issues - poor/inappropriate education, brain drain, dependence on foreigners, lack of diversity
- Lack of transparency/accountability within the public sector – an issue identified by all of the focus groups as being a weakness that badly needs to be addressed.
- Lack of effective governance and leadership in terms of implementing change and developing the private sector
- Need for more public/private cooperation to achieve goals
- Poor planning for the future – each of the focus groups acknowledged that not only do they not do scenario planning, but that planning as a whole was something that needed to be expanded and used more in both the public and private sectors
- Unstable geopolitical region, which has been a fact of life for many generations and which necessitates Jordan’s making a distinction between its own country and the rest of the region
- Financial uncertainty, inconsistency, and vulnerability on a global level
- Lack of resources/over-consumption of limited resources, especially energy and water
- Policies not focused on the “important sectors,” such as small and medium enterprises (SMEs), water, and education

Most Common Opportunities:

- Jordan’s Human Capital – there is a large pool of talent that can be used much more effectively with appropriate training. Somehow the gap between Jordan’s high unemployment rate and the lack of skilled and unskilled labor to fill job openings needs to be bridged.
- International trade and investment to help businesses and industries develop. This is particularly urgent in light of Jordan’s current budget deficit. In other words, there is a shortfall of capital to help Jordan’s economy address current and future opportunities for growth.
- International industry development to make more Jordanian industries competitive on an international level
- Government reform and collaboration with private sector to enable development
- The tourism industry, as a particularly promising industry for development

Most Common Threats:

- International political challenges
- International economic situation – the global recession
- Fluctuating and rising energy costs, as these generally increase costs for Jordan
• Government policy/internal economic regulations may stifle or slow industrial development
• A potential recession internally, if the private sector cannot step up to fill the gap left by decreased government spending
• Population Aging/Employment challenges, including high unemployment, and an education system that does not meet the needs of the private sector

d. Goals

The focus groups were asked, based on the scenario and their SWOT analysis of it, to come up with a set of goals that the government and private sector should work towards to solve the issues identified. The goals that were mentioned most frequently follow:

**Most Common Goals:**

1) To further encourage government reform by expanding the use of government-private sector partnerships, and in general, involve the private sector in issues relating to best practices, and develop relevant, useful, and efficient policies.
2) Focus on reducing Jordan’s current unemployment by developing job intensive industries, such as the agricultural sector and manufacturing. Also, push for educational reform to help develop competencies among the skilled and unskilled labour that Jordan’s industries need.
3) Increase the accountability, effectiveness, and efficiencies of all public programs by focusing on global best practices and management skills and incentives of those who run these programs.
4) Focus on increasing GDP to reduce Jordan’s debt.
5) Develop programs that focus on social/quality of life development in the areas of education and healthcare to ease some of the social and economic pressures the country is currently experiencing.

e. Objectives

Based on our consultation with the focus groups, the following are our recommendations for objectives for each goal:

1) To further encourage government reform by expanding the use of government-private sector partnerships and in general involving the private sector in issues relating to best practices and developing relevant, useful, and efficient policies.
   a. Develop benchmarks of best practices as used by other governments that are recognized for their efficiency and harmonious relationship with the private sector.
   b. Expand the use of public-private partnerships
   c. Create incentives for government employees to be more responsive and open to private sector needs
d. Encourage a greater sharing of human resources between the government, which is oversupplied with job applicants, and the private sector, which has had to cope with unfilled job positions.

2) Focus on reducing Jordan’s current unemployment by developing job intensive industries such as the agricultural sector and manufacturing, and push for educational reform to help develop competencies among the skilled and unskilled labour that Jordan’s industries need.
   a. It was recognized that there are three types of educational reform that are needed:
      i. Public education from pre-school through secondary school
      ii. Vocational education
      iii. General public education and programs designed to motivate the public or to alert the public to current and future employment opportunities.
   b. It was recognized that brain drain was a problem for Jordan in the sense that it is siphoning off skilled labourers and professionals who could be used in Jordan’s economy. It was also noted that these individuals bring experienced labour and capital needed into Jordan’s economy. The only thing that could be done would be to encourage and facilitate repatriation of Jordan’s diaspora, as they identify attractive job opportunities that would allow them to return to their home.

3) Increase the accountability, effectiveness, and efficiencies of all public programs by focusing on global best practices and the management skills and incentives of those who run these programs.
   a. In addition to the reforms noted above under Goal #1, greater publicity should be given to those programs and individuals that have realized success. In other words, provide increased recognition for those who are exhibiting the types of attitudes and performances that are most desired.
   b. Develop public tracking procedures that are transparent and available to anyone who seeks to compare and contrast the efficacy of various programs.

4) Focus on reducing Jordan’s debt by increasing GDP to help the country grow its way out of debt
   a. Develop market research and promotional literature to attract foreign capital into Jordan, which will enhance Jordan’s ability to develop those parts of the economy that will generate the fastest and greatest return on investment.

5) Develop programs that focus on social/quality of life development in the areas of education and healthcare to ease some of the social and economic pressures the country is currently experiencing.
   a. Develop a means of measuring social and quality of life issues according to internationally accepted standards and put in place programs and mechanisms by which to improve.
   b. Highlight success stories and use them in domestic and international promotion campaigns.
2. “Filling the Well” Scenario

This scenario builds on the progress that Jordan has made already. It would not be possible without the planning and implementation that has already been underway. It assumes, generally, that Jordan’s strategic environment will improve, both in terms of the economy and in terms of overcoming resource shortages, developing new industries, and addressing education concerns. The focus in this scenario is on how best to take advantage of the new opportunities Jordan faces – the country should capitalize on its improving situation, but also ensure that the growth and strategies it pursues are sustainable in the long-term.

a. External assumptions

The G-20 countries work together so that power is spread and expectations are set for each of these countries to stabilize its own economy for the good of the world.

The Gulf Countries recover and stabilize their economies. This improves Jordan’s FDI, remittances, and current account.

As a result, oil prices stabilize, in the medium range of prices of $70 to $75. The region begins to relax and move forward with planned internal policies.

b. Internal assumptions

The Jordanian government completed its reforms. Efforts were directed toward sustainability, and not short-term, quick fixes. The government’s budget deficit and inflation are under control. The country is able to benefit from its high-quality worker and lower-wage competitive advantage. “Sustainable development” has become the buzz word. The growth, energy and excitement within the country are perceptible.

As donors and investors see continued progress, plans are developed to diversify industry by encouraging new industries to be created or attracted to Jordan. Even though the banking sector is not the international center of the Middle East, Jordan has a strong system, with some of the largest banks in the region, which provide liquidity for the growth of Jordan and the region.

Jordan continues to find ways to overcome land use and water issues. Older industries of textiles, mining, construction, and tourism are encouraged, as they are still profitable operations. The country must be careful to support current industries, but plans are progressing to create and attract new industries in the technology, pharmaceutical, and medical fields through public-private partnerships, as everyone understands that diversification of production is necessary. In addition, the country now has sufficient electricity to meet the new demand from industry. Government and industry reacted to planning needs by adopting alternative energy sources to take demand away from using more oil and gas until nuclear plants could be completed after 2017.

Small- and medium-sized enterprise (SME) financing is encouraged, as government budget surpluses are put to productive uses. Encouraging SMEs helps to fill in clusters of business needs, as start-ups fill the needs of larger companies and of other SMEs. Development begins to create more development.

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3 Egypt and Syria have lower wages than Jordan. One interview expressed an opinion that Jordan’s labor advantage for the future is in more educated fields, such as medical and IT, not in low-wage markets.
Jordanian workers in foreign countries have begun arriving home to take newly created jobs, or to further their education in new fields. Remittances are down, as a result, but are more than made up for by the increases in wages within the country. Plus, workers are home with their families.

Early in this process, emphasis shifted to education, as it was recognized that education was lacking in targeted fields. This lack was a barrier to actually bringing development plans to fruition. There had to be a core of trained people in the latest technologies and skills to educate the next generation, as well. Therefore, funds from the government and donors targeted education as the important link in the development chain.

With these enhancements, consumer spending has increased on domestic and foreign products. The current account is still in deficit, but it continues to improve as industries grow and improve production and marketing.

Two of the main issues now are water shortages and inflation in land and home prices, which are squeezing agricultural production off of the already small amounts of arable land. Also, environmental pollution has increased. The water shortage is being dealt with, first, through greater efficiency of usage and less waste, but also through encouraging private development of alternative water-resource initiatives.

Also a major issue is for Jordan to overcome regional competition in research and development and to attract FDI to their new industries. They are doing this by demonstrating continuous improvement in their public-private partnerships with direct input into educational offerings. Also encouraging are the linkages across countries that are being initiated. Trade agreements, with mutual research and development support, are adding funds to universities to grow those areas of their offerings. It is said that for every one research position, seven to eight technicians are needed. As a result, educational supply can be driven in part by this demand.

With strong internal development, Jordan is better able to withstand changes in the world economy. As products are targeted toward world markets, there will be effects of world economic changes, but these changes can be mitigated by strong regional ties, as well. Contingency planning will make these impacts less damaging to the economy as a whole.

c. SWOT Analysis

**Most Common Strengths:**
- Improving energy efficiency and access to resources would be a major achievement under this scenario
- Government reforms would also represent a major step forward
- Stable financial markets and JD
- Large number of skilled workers/graduates available

**Most Common Weaknesses:**
- (none cited)

**Most Common Opportunities:**
- Foreign direct investment, allowing industries to take advantage of growth opportunities
- Education reform to better align the education system with industry needs
• Increased tourism and international interest in Jordan
• Improved resource usage (water, energy)

**Most Common Threats:**
• Nuclear power stations (due to their controversial political nature)
• Syria as a competitor in Tourism
• Continued official concern about the safety of Jordan

d. Goals

**Most Common Goals:**
1) Focusing on education and workforce improvements to address the economic growth opportunities Jordan will have. Unless Jordan does this, it may squander such opportunities.
2) Improve access to global capital markets for Jordan and/or Foreign Direct Investment from international, multinational, and private sector sources. Increased opportunities means Jordan’s economy will have to develop increased capacity to take advantage of them.
3) Improve Jordan’s use of its existing resources – particularly in water and energy – in order not to squander opportunity through waste, and in order to develop greater efficiencies should an optimistic scenario turn more pessimistic.
4) Concentrate on the development of Jordan’s tourism sector, which is the sector that offers the greatest return on investment for Jordan at the least cost. This sector takes advantage of Jordan’s sunny and dry climate, which is ideal for sight-seers, and also of its friendly and hospitable culture and the existence of multiple historic sites. It was felt that should Jordan be able to expand its hospitality resources that this sector could offer far greater potential to increase Jordan’s GDP.
5) Further promote cooperation between the government and the private sector. This is particularly true as concerns Jordan’s employment, where there is a surplus of applicants for government positions, even while representatives of private industry are unable to fill job slots, thus inhibiting their growth.

e. Objectives

We recommend the following approach for achieving each individual goal:
1) Focusing on education and workforce improvements in order to address the economic growth opportunities Jordan will have. Unless Jordan does this, it may squander such opportunities.
   a. Develop targets for where Jordan should be in the coming years, as compared to where it is actually
b. Identify international best practices and determine the applicability to Jordan’s environment

c. Highlight success stories

d. Develop a campaign to promote foreign direct investment from international development programs as well as from private sector investors internationally.

2) Improve access to global capital markets for Jordan and/or Foreign Direct Investment from international, multinational, and private sector sources. Increased opportunities means Jordan’s economy will have to develop increased capacity to take advantage of them.

a. Do a comprehensive review of the areas in which there are inefficiencies in Jordan’s system by serving and analyzing the experience of actual individuals and organizations that have tried to invest in Jordan

b. Identify international best practices

c. Develop a public-private Task Force to identify objectives and create a plan for achieving those objectives in the coming years

3) Improve Jordan’s use of its existing resources – particularly in water and energy – in order not to squander opportunity through waste, and in order to develop greater efficiencies should an optimistic scenario turn more pessimistic.

a. Although Jordan has achieved splendid results in this area, its critically short resources in energy and water requires even more strenuous efforts to develop more effective ways of economizing the resources as well as using them

b. Diversify and develop alternative means for addressing these resource shortages such as the mega-projects: Red Sea Dead Sea project, the nuclear energy projects, as well as developing alternative sources of energy such as wind and solar

4) Concentrate on the development of Jordan’s tourism sector, which is the sector that offers the greatest return on investment for Jordan at the least cost. This sector takes advantage of Jordan’s sunny and dry climate, which is ideal for sight-seers, and also of its friendly and hospitable culture and the existence of multiple historic sites. It was felt that should Jordan be able to expand its hospitality resources that this sector could offer far greater potential to increase Jordan’s GDP.

a. Identify the multiple target audiences for tourism with Jordan as a destination in all the major markets around the world and ensure that enough resources are allocated to develop these markets

b. Put in place a mechanism for tracking return on investment in order to ensure Jordan’s investments are targeted to those investments that have proven to be most lucrative

c. Distinguish Jordan as a unique market as distinct from the “Middle East” which is seen to have more negative connotations than positive

5) Further promote cooperation between the government and the private sector. This is particularly true as concerns Jordan’s employment, where there is a surplus of applicants for government positions even while representatives of private industry are unable to fill job slots, thus inhibiting their growth.

a. Develop more public-private partnerships
b. Highlight success stories
c. Identify and benchmark best practices around the world that could be used and adapted to Jordan’s economy.

3. “Empty Well” Scenario

This is the “worst case” scenario – the world re-enters a recession, oil prices rise quickly and trade drops off. Jordan suffers internally from government deficits and increasing unemployment. The key in this scenario is in coming up with strategies to prevent economic disaster, preserve Jordan’s strengths, and build upon them, so that Jordan is positioned to withstand these events and grow once they have passed.

a. External assumptions

The G-20 countries cannot work together so that the world re-enters the recession after a brief improvement in 2010, but worse than before. This leads to global instability.

As a result, oil prices soar and supplies and supply chains are disrupted, leading to lessened trade in critical goods and services.

b. Internal assumptions

Continuation of reforms is postponed. Government deficits increase due to providing aid for the population, oil purchases, and increased military spending.

Banking is disrupted as future projects and project completion are uncertain. Credit growth is threatened, and foreign direct investment slows. In addition, educational spending is reduced. Inflation rises. The dinar peg to the US dollar is threatened.

Due to earlier National Agenda reforms, many companies in Jordan were privatized. Employees were effectively moved to the private sector, and are, therefore, not on government payrolls. Unemployment increases more than it would have if these workers were still on the government payrolls. With oil prices up, oil producing countries are hiring. As a result, better trained workers leave the country to find work, as competing industries in other countries hire away the best workers.

Empty Well: Potential Modifications

The Empty Well Scenario could be modified to have the global economy strong, but internal issues cause Jordanian policies to fail, e.g., not enough discipline to cut the government’s budget deficit. As a result, inflation and wages increase. The country loses its competitive advantage, and its direct foreign investment. Education is never cohesively developed.

c. SWOT Analysis

Most Common Strengths:

- Stability of JD/relatively strong banks compared to many other countries
- Social stability and development
Most Common Weaknesses:
- Low FDI, limited availability of funding for businesses
- Budget deficit/global recession hurts Jordanian industry
- Rising unemployment due to the privatization of many sectors and the economic downturn

Most Common Opportunities:
- Government reform to help overcome these challenges
- Education reform and workforce development to help meet Jordan’s needs internally
- Resource development, to overcome water and energy shortages

Most Common Threats:
- International political issues
- Global Recession and economic instability
- Resource availability and cost, given the international instability and rising oil prices

d. Goals

Most Common Goals:
1) Further develop Jordan’s resources and industries in order to make the country more self-sufficient in the event of international or regional conflict or a crisis of any kind.
2) Continue to pursue government reform to make government more effective and thereby less costly and more efficient and thereby a better partner for private industry and citizens at large.
3) Attract foreign investment, which will become even more necessary in the time of a crisis than at any other time. This foreign investment is best attracted by emphasizing Jordan’s uniqueness in the region as an island of stability as well as a market of great growth potential and value to investors seeking a good return on their capital.
4) Continue to emphasize the development of the tourism sector (as noted under the scenario above) particularly by emphasizing Jordan as distinct from the “Middle East” which is popularly associated with danger.

e. Objectives

Our recommended methodology for dividing the goals into specific strategic objectives is as follows:
1) Further develop Jordan’s resources and industries to make the country more self-sufficient in the event of international or regional conflict or a crisis of any kind.
a. Ensure resources are being used for and by industries that have proven to be most effective in contributing to Jordan’s GDP and that have the best return on investment
b. Identify “critical industries” that will be most important to ensure Jordan’s continued autonomy and survivability in the event of a crisis
c. Encourage and build domestic markets for Jordan’s industries to shelter the country from disruptions in the region around it

2) Continue to pursue government reform to make government more effective, and thereby less costly, more efficient, and a better partner for private industry and citizens at large.
   a. Invite internationally recognized efficiency experts to introduce efficiency programs that can be used by and adapted to Jordan’s government
   b. Set targets for size and performance that Jordan’s various government programs should be striving to maintain
   c. Develop and incentivize Jordan’s governmental officials to think and act with efficiency and the interest of the private sector foremost in their minds and plans

3) Attract foreign investment, which will become even more necessary in the time of a crisis than at any other time. This foreign investment is best attracted by emphasizing Jordan’s uniqueness in the region as an island of stability, as well as a market of great growth potential and value to investors seeking a good return on their capital.
   a. Identify those aspects of Jordan’s economy that are most vulnerable to a crisis
   b. Identify potential sources of investors to whom Jordan can turn in the time of a crisis
   c. Develop flexible pipelines for investors interested in Jordan’s economy that can be expanded or adapted to meet the needs of any crisis

4) Continue to emphasize the development of the tourism sector, as noted under the scenario above, particularly by emphasizing Jordan as distinct from the “Middle East,” which is popularly associated with danger.
   a. Develop a comprehensive education and promotional program designed to heighten the strategic importance of the tourism sector for Jordan’s health
   b. Develop the hospitality, transportation, and training facilities needed to increase Jordan’s capacity in this sector
   c. Do a critical analysis of this sector and the points at which it may be vulnerable to catastrophic crises
   d. Prepare for and train key officials in crisis communications techniques
   e. Work with Jordan’s embassies around the world to take advantage of opportunities to promote Jordan as a tourist destination in the most cost-effective manner possible
4. Other Possible Scenarios

Jordan’s government is addressing many of the issues already in programs and initiatives that have been launched this year. The report and focus groups that were organized as a part of this project gather contributed the following observations about other possible scenarios that should be envisioned by all sectors and included in their scenario planning.

a) Oil prices rise and stay at higher levels, therefore energy costs are negatively affected.
b) Jordan’s water supply dries up -
   Jordan is on the list of 100 places to visit before they disappear.
   Current attitudes of people to be affected:
   • "Not my problem" syndrome.
   • The issue is too far in the future to be concerned about.
   • Others waste water, so why should I conserve?
   • Others are dealing with the issue. It is not my job.
   • Technology will solve the problem. I do not need to worry about it now.
   • What if I conserve now, and there is not really a problem? Why be uncomfortable and do without water when I want it and have it now?
c) Jordan grows too fast for infrastructure (energy and water supplies).
d) Almost everyone to whom we spoke expressed their views on the educational system in Jordan. All felt that the quality of education has been declining for the past 15 years or so. Each indicated that they are very selective about whom they interview, and even more selective about whom they hire. It is felt that students are taught for the "old" economy, not skills for the new, such as computer skills. Also cited were issues of new graduates with poor attitudes concerning work. If this continues without educational reform in the near future, then Jordan’s competitive advantage that currently exists will evaporate.
4.0 Conclusion

SABEQ, in collaboration with the Social and Economic Council, invited business and governmental leaders to participate in a series of focus groups designed to introduce the concept of scenario planning. It was envisioned that these sessions would serve to confirm those strategic issues that are deemed most important for Jordan—whether they be similar, different, or in addition to those identified in the National Agenda. The groups were also intended to stimulate thinking about how Jordan’s various economic sectors would react to challenges or take advantage of the opportunities they might be afforded by three different scenarios: the first, representing a continuation of the status quo; the second, a scenario in which mostly good things happen; and the third a pessimistic scenario in which mostly bad things happen.

Findings

In addition to the scenario discussions highlighted above, there were broader, key issues that all groups had in common. These are discussed below to add a fuller picture of outcomes of group discussions.

Regarding Jordan’s government, taxation, judiciary, and regulatory and legislative structures—In every group where there was private sector representation, similar concerns and frustrations were expressed with Jordan’s governance structures. Representatives of the private sector in all the focus groups felt that the government was unproductive, inefficient, not held accountable for the successes or failures of their own programs, inwardly-focused, and not responsive to evolving trends and private sector needs. More specifically, it was felt that laws, regulations, and taxation structures, as they relate to business, were antiquated, inappropriate, and non-representative. As and when the government did meet with the private sector, such exchanges had little appreciable impact.

It was felt that governmental ministries failed to coordinate their activities among themselves or with the private sector or to develop management performance systems that met minimum internationally-recognized standards for best practices. Furthermore, there was general concern about the government’s size and growing budget deficit and the inflation that that can bring. However, there was no consensus about what the solution might be, as there was a general recognition that abruptly shrinking the government or precipitating a drop off in government spending might cause the domestic economy to worsen.

Virtually every group called for more actions involving public private partnership. One group expressed a cautious interest in mounting a lobbying effort for their sector, even though this sort of activity is not officially recognized in Jordan.

Shortage of skilled and unskilled labor—Every group raised this as a serious issue for them—even while recognizing that Jordan has very high levels of unemployment. This curious situation is attributed to a variety of causes. On a structural level, Jordan’s general educational system, as well as its specific vocational training programs, are failing to develop the specific set of skilled professionals that Jordan’s growing economy needs. It is felt that the situation is deteriorating. The shortage of unskilled labor may be due to the perception of some that manual labor is not valued in their society. There may be some structural considerations, such as the difficulty of relocating from one place to another that is closer to where the jobs are. This perception may be due to the lack of affordability and availability of transportation and lodging. However, Jordan’s businesses, as a whole, find themselves in the position of having to pay...
higher wages to those they can hire, which causes them to be less competitive, and even to import labor to fill empty positions.

**Lack of capital**—nearly every sector envisions growth that they cannot achieve without investments to help them build the infrastructure they need to create and manage this growth. In this regard, every sector would like to see a more active and creative financial sector in Jordan along with more direct foreign investment. Sector representatives appreciate foreign aid programs that exist, but they also see the revenue generating potential of their respective sectors, and believe capital investors could as well. So there is an apparent need for more rigorous market research and promotion efforts, as well as greater aggressiveness on the part of Jordan’s banks to develop products that are needed by virtually all sectors that see growing opportunity. Related to this, every group felt that Jordan’s tax structures could be structured in ways that would encourage such investment and growth in areas that represent the country’s future.

**Need for greater transparency and participation among all sectors in the public policy making process**—All groups felt that public understanding and participation in the public policy-making process would ensure relevancy, it would demand accountability, and could help generate new thinking and new ideas that would benefit all. This could be generated through the creation of more PPPs and public promotion campaigns that raise awareness of the usefulness and responsibility of citizens to see themselves as part of the solution to problems they currently feel they have no control over.

**The differences among groups:**

Relating to the last point noted above, even while most of the groups were selectively optimistic about the possibilities, they could see within each of their own sectors, most of them on the whole were pessimistic about the future. Virtually every group identified more strategic weaknesses than strengths, and more threats than opportunities in their current strategic environments—only tourism stood out as the exception. Even though all the groups understood the role of scenario planning, there was fatalism about their ability to cope with the problems that have fallen on them in the past and that could do so again. Significantly, those groups that were the most positive and most focused and dynamic in their thinking were those that contained an evenly balanced mixture of private sector/public sector representatives and that seemed to be the most well-organized and led on a day-to-day basis. These include the newly formed Council, the industry and manufacturing sector, banking and financial sector, and tourism sector.

Those groups that had less of a public-private mix tended to be less dynamic in the ideas they generated. This would seem to prove the point implied in other groups that stimulating meaningful public-private cooperation and dialogue could lead to creative solutions that neither side can easily achieve on their own.

**Notes on reading the individual reports (Annex 6.2)**

The PowerPoint slides that were used to facilitate the focus groups are attached. These groups had three purposes: 1) to share with them the results of the Bryant report with which some of their members had participated as opinion leaders whom Dr. Bryant had interviewed; 2) to convey to them a methodology that they may choose to use for analyzing these facts and from which to derive business plans based on different scenarios; and 3) to actually begin this process with them. In other words, to identify the strategic issues that each group felt were most important for each scenario and from there to identify and prioritize the goals they choose to pursue in each case. Each group had its own personality, as can be seen. Most groups chose
to emphasize the “status quo” scenario and to only offer slight modifications to the “optimistic” and “pessimistic” scenarios, because they felt that the bulk of what they could do was contained in that first scenario.
5.0 Recommendations

Through the focus groups, we have observed that the three priority goals that cut across all sectors are: 1) the creation of more public-private partnerships; 2) attracting more foreign direct investment; and 3) education reform. Surprisingly, these three goals were consistent no matter which scenario was being discussed. Upon further reflection, it became apparent that the opinion leaders that were participating actually had a very good grasp of Jordan’s strategic environment – these three goals not only fix current problems, but they help to make Jordan stronger and better able to face a “disaster” situation, and they also position Jordan to be able to take advantage of opportunities as the economy and strategic environment improves. In other words, these three goals put Jordan in the best possible situation, no matter what the future holds.

The Council, in partnership with the government of Jordan and industry leaders in the private sector, should focus on implementing the goals and objectives outlined above. The objectives should be broken down into specific tasks. At this tactical level, the resources (human, financial, other) that will be required to complete the task should be detailed in full. Tasks should be prioritized for each objective, to allow the plan to be implemented quickly and readily – everyone involved should know in advance what their responsibilities are under each plan/scenario. The tactical planning process generally takes 2 full days, and we recommend creating a strategic planning task force that involves no more than 20 people to accomplish it.

Once the plans are ready for implementation, depending on staff capacity and timelines, the Council may wish to prioritize the goals, so that they focus on them one at a time, rather than all three at once. Ideally, however, staff should be divided among the three goals, so that they can be worked on simultaneously. This could be achieved by creating a “Task Force” for each goal, headed by a member (or members) of the Council who will facilitate, and comprised of relevant members of the public and private sectors, who will be responsible for implementation.

Again, we stress that achieving these three goals will not be something that can be done in a short timeframe. All three goals require planning, dialogue, and careful implementation plans in order to be successful. For this reason, it is imperative that – no matter what scenario emerges in the future – plans to achieve the goals be started now.
### 6.0 Appendices

#### 6.1 Session Participants

**Session 1: The Social Economic Council**

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Ahmad Imyan</td>
<td>Social Economic Council</td>
</tr>
<tr>
<td>Ayman Hatahet</td>
<td>Social Economic Council</td>
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<tr>
<td>Abdel-Elah Al Khatib</td>
<td>Social Economic Council</td>
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<tr>
<td>Nayef Al Qasra</td>
<td>Social Economic Council</td>
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<tr>
<td>Kharieddin Shukri</td>
<td>Social Economic Council</td>
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<tr>
<td>Nazzal Armouti</td>
<td>Social Economic Council</td>
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<tr>
<td>Majd Shwakeh</td>
<td>Social Economic Council</td>
</tr>
<tr>
<td>Raeda al-Qutob</td>
<td>Higher Population Council</td>
</tr>
<tr>
<td>Adnan Issa</td>
<td>Social Economic Council</td>
</tr>
<tr>
<td>Hatem Hilwani</td>
<td>Amman Chamber of Industry</td>
</tr>
<tr>
<td>Samar Haj Hassan</td>
<td>Mahara</td>
</tr>
<tr>
<td>Omar Al Zarazer</td>
<td>Social Economic Council</td>
</tr>
<tr>
<td>Alaa’ Diraniyeh</td>
<td>Social Economic Council</td>
</tr>
<tr>
<td>Leena Annab</td>
<td>Zara Co.</td>
</tr>
<tr>
<td>Manal Al Dabbas</td>
<td>Private Education Union</td>
</tr>
<tr>
<td>Haider Freihat</td>
<td>Department of Statistics</td>
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**Session 2: NGOs and News Media Sector**

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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Ahmad Lubani</td>
<td>Adaleh Center</td>
</tr>
<tr>
<td>Mohammed Al sanil</td>
<td>JRSP</td>
</tr>
<tr>
<td>Khaled Kurdi</td>
<td>YEA</td>
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<tr>
<td>Jumana Ghnaim</td>
<td>Al Ghad Newspaper</td>
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<tr>
<td>Salameh Dar’wai</td>
<td>Al-Arab Al Youm Newspaper</td>
</tr>
<tr>
<td>Suleiman Khalidi</td>
<td>Reuters News</td>
</tr>
<tr>
<td>Oday Obaidat</td>
<td>Journalist Industrial Estate</td>
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<tr>
<td>Khalid Al-Zubaidi</td>
<td>Al-Dustour Newspaper</td>
</tr>
<tr>
<td>Jamil Nimri</td>
<td>Al-Ghad Newspaper</td>
</tr>
<tr>
<td>Mohammed Al Sa’di</td>
<td>Mizan Law group for Human rights</td>
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**Session 3: Industry and Manufacturing Sectors**

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Abdullah Atieh</td>
<td>Chamber of Commerce</td>
</tr>
<tr>
<td>Hamdi Tabba’a (Excellency)</td>
<td>Jordan Business Association</td>
</tr>
<tr>
<td>Mohammad Al Shafie</td>
<td>Dar Al Omran</td>
</tr>
<tr>
<td>Amna Anabtawi,</td>
<td>A&amp;E Business Council</td>
</tr>
<tr>
<td>Samira Hawamleh</td>
<td>Maisam Architects and Engineers</td>
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## Session 4: Trade and Investment Sectors

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Samir Abu Tarbush</td>
<td>Sukhtain Household &amp; Toiletries MFG. Co.</td>
</tr>
<tr>
<td>Dr. Samer Mofleh</td>
<td>Jordan Investment Board</td>
</tr>
<tr>
<td>Elias Kawar</td>
<td>Maani &amp; Partners Furniture</td>
</tr>
<tr>
<td>Dr. Ibrahim Rawabdeh</td>
<td>Jordan Exporters Association</td>
</tr>
<tr>
<td>Hussein Shara’Amri</td>
<td>Zarka Chamber of Industry</td>
</tr>
<tr>
<td>Eyad Kodah</td>
<td>Free Zones Corporation</td>
</tr>
<tr>
<td>Eng. Yaroub Qudah</td>
<td>Jordan Enterprise Development Corporation</td>
</tr>
<tr>
<td>Nabil Ismail</td>
<td>Jordan Investors</td>
</tr>
<tr>
<td>Ala Al-Shouaibi</td>
<td>National Production Protection</td>
</tr>
<tr>
<td>Lubna Al-Aqquad</td>
<td>Ministry of Industry &amp; Trade</td>
</tr>
<tr>
<td>Muntaser Oqleh</td>
<td>Ministry of Industry &amp; Trade</td>
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## Session 5: Banking Sector

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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Shihab Hanayneh</td>
<td>Jordan Commercial Bank</td>
</tr>
<tr>
<td>Dr. Adel Al-Sharkas</td>
<td>Central Bank of Jordan</td>
</tr>
<tr>
<td>Dr. Adil Kandah</td>
<td>Association of Banks</td>
</tr>
<tr>
<td>Marwan Awad</td>
<td>Ahli Bank &amp; Association of Banks</td>
</tr>
<tr>
<td>Susan Razzaz</td>
<td>The World Bank</td>
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## Session 6: Tourism Sector

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Siham Gammoh</td>
<td>Jordan Tourism Board</td>
</tr>
<tr>
<td>Mohammed Imam</td>
<td>Jordan Society of Tourists and Travel Agents</td>
</tr>
<tr>
<td>Fayyad Al-Sukar</td>
<td>Ministry of Tourism</td>
</tr>
<tr>
<td>Mohammad Hammad</td>
<td>Tourist Guide Association</td>
</tr>
<tr>
<td>Reem Al Fayez</td>
<td>Mota</td>
</tr>
<tr>
<td>Zaid Goussous</td>
<td>Restaurant Association</td>
</tr>
<tr>
<td>Muna Habib</td>
<td>Ministry of Tourism</td>
</tr>
<tr>
<td>Nasser Samer</td>
<td>Ministry of Tourism</td>
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## Session 7: Energy and Water Sectors

<table>
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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Khuloud Mahasneh</td>
<td>Industrial energy dept – Ministry of Energy and Mineral Resources(MEMR)</td>
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<tr>
<td>Marwan Al-Baka’in</td>
<td>Natural Gas Department, MEMR</td>
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<tr>
<td>Maysoon Zoubi</td>
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<tr>
<td>Wijdan Rabadi</td>
<td>Cost &amp; Pricing Dept, MEMR</td>
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<tr>
<td>Mousa Jouma</td>
<td>Jordan Valley Authority</td>
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<tr>
<td>Abdul Salam Kamal</td>
<td>Jordan Environment Society</td>
</tr>
<tr>
<td>Munir Qsous</td>
<td>Water Authority of Jordan</td>
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<tr>
<td>Jad Al Rabed</td>
<td>NFC</td>
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Session 8: Education

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<tbody>
<tr>
<td>Ahmad Albadareen</td>
<td>E-TVET Council</td>
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<tr>
<td>Eng. Hani Khleifat</td>
<td>Vocational Training Corporation</td>
</tr>
<tr>
<td>Mazen Al-Saket</td>
<td>Civil Service Bureau</td>
</tr>
<tr>
<td>Ghada Abu El-Rous</td>
<td>Madrasati Initiative</td>
</tr>
<tr>
<td>Sameh Ajlouni</td>
<td>International Labor Organization</td>
</tr>
<tr>
<td>Shereen Hamed</td>
<td>NCHR (National Council for Human Resource Development)</td>
</tr>
<tr>
<td>Half Bannayan</td>
<td>Jordan Education Initiative</td>
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6.2 Session Results

Session 1

Scenario One (3 year scenario)

SWOT—Strengths

- Geopolitical position of Jordan
- Governmental bureaucratic system (stable)
- Good data information systems
- Telecom penetration rate at 93%
- Ability to adjust to regional situations
- Educated human capital
- Higher education
- Health sector
- Success of uranium project
- Security
- Phosphates and other natural resources not utilized enough
- Electronic governmental system – still needs development

SWOT—Weaknesses

- Geopolitical position of Jordan
- Building competencies & capacities (govt sectors)
- Educational & vocational systems
- Lack of synergy between govt and private sector
- IT penetration
- Quality & reliability of available data
- Low percentage of participation of women in the workforce
- Size of government is too large
• Fragmented approach to problem solving & planning (an ad hoc approach) – a quick fix mentality
• Being overconfident
• Lack of effective corporate governance such as transparency
• No full impact analyses on major decisions taken at the country level
• Deterioration of rule of law in Jordan
• Growth of social tension
• Slow process of judiciary reform
• Spread of corruption
• Low value-added of exports
• Perception of elitism in the country – hinders reform efforts
• Inadequate levels of R&D
• Declining contribution of agricultural sector in the economy + increase of level of services in the economy
• The volatility of govt cabinets as they change frequently
• Failure to address water issue in an effective and serious manner
• Apathy and lack of credibility of reform efforts due to lack of success of previous efforts
• Low level of public participation among youth
• Incompatibility between labor market needs and new graduates
• Poor management skills across the board
• Need for update and renewal of education system as there is a declining quality of education
• Lack of accountability in public sector
• lack of effective response to social unrest
• lack of viable and credible political participation of general public that allows public a platform to voice their concerns
• unconvincing performance of MPs
• VAT (sales tax) and ineffective tax collection
• Voluntary unemployment and culture of shame
• Stifling sense of entitlement – nepotism/lack of work ethic
• informal sector (legal but unregistered orgs)
• Dependency on foreign labour
• Crisis management

SWOT—Opportunities
• Jordanian population growth
• Demographics: young population- getting older
• Human capital – offers competitive advantage in the region
• Privatization – telecom industry is a successful example
• Jordan Valley – great opportunity for utilization of technology in agriculture
Tourism, especially medical tourism
Geopolitical position
Free trade agreements that would enhance Jordanian exports
Disi water project and other major projects in the pipeline
Public private partnerships
Special Economic Zones

SWOT—Threats

- Increased population growth
- Demographics: young population getting older
- Increased energy costs
- Unemployment
- Excessive openness to the world economy (vulnerability)
- Potential decline in manufacturing due to increase in (unfair) competition
- Swine flu epidemic
- Brain drain
- Increased government spending
- Israel a constant threat to stability in the region for its prolonged unwillingness to make peace with its neighbors.

Possible Goals

1. Reduce unemployment to less than 10% (6)
2. Reduce deficit to less than 3% of GDP 3 - (4)
3. Improve income distribution through a more equitable tax system (2)
4. Continue implementing mega projects such as Red-Dead, Disi, Railway, nuclear reactor project and the shale oil project (3) - 3
5. Downsizing the government (3)-
7. Application and enforcement of rule of law (3) – 3
8. Increasing income per capita by 3% each year (3) - 2
9. Increase participation of women in the economy by 1% per year
10. Increasing awareness of importance of executing and applying projects in order to complete them in a timely manner (1)
11. Utilization of renewable energy (2)
12. Increase use of impact analyses of projects
13. Create work opportunities for both men and women (1)
14. Work on bringing in more FDI
15. Utilizing more natural resources will help in decreasing unemployment
16. Increasing vocational training (2)
17. Work on reduction of population growth
18. Better cooperation between governmental agencies to better serve the public and cut costs
19. Enhance partnership between public and private sector (1)
20. Increasing R&D centers and funding
21. Improve quality of education (1)
22. Maintain level of health status
23. Improve legislative environment for SMEs
24. Enforce corporate governance
25. Sustainability of peace and prosperity (locally)
26. Opening the economy more
27. Engagement with civil society and local communities

Top three goals:
1. Reduce unemployment to less than 10%
2. Reduce deficit to less than 3% of GDP

Key areas where action needs to be taken for each
1. Reduce unemployment to less than 10%
   - Enhancing PPPs
   - Implementing mega projects
   - Suggest steps for government to take that can create more jobs through SMEs
   - Vocational training
   - Adopting more effective ways of placing Jordanians in jobs (matching skills to jobs)
   - Utilization of renewable energy
   - Maintaining openness of economy and improving business environment
   - Attracting more FDI
   - Focus on labor intensive activities including agriculture
   - Agriculture related to water sources
2. Reduce deficit to less than 3% of GDP
   - Attract FDI
   - Export promotion
   - Improve efficiency of govt spending-good governance
   - Improve tourism
   - Need for tax reform in context of a fiscal policy
   - Increase government income (through investments)
   - Downsizing the government – costly and overlapping government related agencies need to be limited and rearranged
   - accreditation and certification process, need to bring Jordanian professionals to world class levels
   - deployment of ICT in all of the above mentioned reforms
   - in political reform: revisiting the election regime in Jordan, a very controversial issue that needs to be addressed – this can bring about a much stronger parliamentary institution
   - political reform is not about election law, it is about encouraging people to participate in political issues
   - to achieve political reform there needs to be effective top down decision making and political will
   - decentralization

Structural changes that would be helpful to achieve this outline
   - improve governance within the higher educational system
   - find credible accreditation systems
   - increased public-private partnership
   - increase participation in decision-making process, including civil society organizations; redefinition of social contract between citizens and the state
   - streamline the efforts made by NGOs with that of the government
   - engage the media in a positive manner; need to reform and improve media sector

Scenario Two – Optimistic Scenario

SWOT—Strengths
   - Discovery of oil or more gas in Jordan
   - Stronger and more professional vocational training
   - More graduates who are ready to workforce due to better education system
   - Having sound elections and electing a stronger parliament
   - Stability of JD

SWOT—Weaknesses
   - None were identified
SWOT—Opportunities
• Non were identified

SWOT—Threats
• Non were identified

Possible Goals
• Non were identified

Top three goals
• Non were identified

Key areas where action needs to be taken for each
Structural changes that would be helpful to achieve this outline

Scenario Three – Pessimistic

SWOT—Strengths
• Stability of Jordanian Dinar

SWOT—Weaknesses
• Worsening of income distribution in Jordan
• Budget deficit
• Return of Jordanian expats and reduction of remittances
• Lack of mobility of labor force

SWOT—Opportunities
• Jordan no longer attractive to FDI, more opportunities for local employment

SWOT—Threats
• Possible strike from Israel on Iran
• War between Israel and Hizbollah
• Slow political reform and lack of political will
• Eruption of internal infighting in Palestine
• Successive droughts and failure of dişi project
• Poverty
• Internal social unrest
• Prolonged unwillingness of Israel a constant threat to stability in the region as it is unwilling to make peace with its neighbours.
• Instability of special economic development zones
• Prolonged foreign debt that Jordan has accumulated will be uncontrollable
• Sluggish economy will cause businesses to close down
Session 2  
Scenario One 

**SWOT—Strengths**
- Young society- possibility for new businesses to be opened
- More open and more aggressive media
- Strong history with the private sector development

**SWOT—Weaknesses**
- Young society- Young and inexperienced; skills need to be developed
- Lack of proactive endeavor
- Weak role of the NGOs- due to weak institutionalization
- Absence of political will; weak governance & lack of public accountability & parliament and corruption; rules and laws for voting
- Lack of confidence in the government
- Closing the gap between and building confidence between the government and also for investors
- No solution for the government deficit and economy suffering without any real solutions
- Most of income goes to government spending – counter-productive for the private sector
- Government not taking responsibility for finding the solution to lack of finding/deficit
- Private sector backed and supported by the government – does not inspire the confidence that it would be able to provide the necessary jobs to support the economy
- Lack of vision to where we are headed as a country and as sectors
- Government competing with the private sector
- The government does not comply with the budget – Weak legislative side; weak policy making
- Weak oversight
- Jordan more dependent on foreign Aid
- Limited resources
- More efficient, clear legislation concerning investors
- Duplicated institutions make it difficult for investors
- lack of stability in legislation
- failure in building the economic system
- corruption
- weak institutions – too much overlap of responsibilities between the different institutions & mandated by law
• problem with the strategies/vision: plans out where to go, but not how to get there
• outdated legislation that apply to current & modern day

SWOT—Opportunities
• Using the needs/experience of the Euro-Med region; long term and strategic relationships to support the competitive advantage
• Best practices can be taken from effective NGOs & private sector as well
• Reform government
• Government and private sector need to work together to better the economy
• Differentiate Jordan
• Effective and entrepreneurial private sector that can be developed

SWOT—Threats
• Northern African Countries more proactive that Jordan; taking advantage of opportunities
• The new NGO law: lack of support for NGOs
• Too many NGOs in the Market- need to make these organizations more effective and sustainable
• Deficit greater at this time than ever before

Possible Goals
1. Understand and develop a Jordanian definition of SMEs (especially Micro & Small) and policies to help their creation & development (2) - 3
2. Decentralization: Privatize functions of the government & delegate responsibilities to the local government (2) – 4. 4
3. Strengthen the system to monitor the government spending & accountability for success (4)
4. Doubling economic growth to be able to absorb the required jobs & eradicate unemployment and poverty ()
5. Develop and improve social security; insurance for employees and wages ()
6. Improve the soft skills of fresh graduates ()
7. Improve legislation regarding employment ()
8. Develop national accreditation and certification programs conforming to international standards for vocational training (2) – 4. 5
9. Apply the concept rule of law on all aspects of daily life (2) - 5
10. Improve curricula in schools and universities ()
11. Increasing government credibility ()

Top three goals
1. Develop national accreditation and certification programs conforming to international standards for vocational training (2) – 4. 5
2. Apply the concept rule of law on all aspects of daily life (2) - 5
3. Strengthen the system to monitor the government spending & accountability for success (4)

Key areas where action needs to be taken for each

1. Develop national accreditation and certification programs conforming to international standards for vocational training
   a. Define and prioritize the areas of vocational training
   b. Identify international best practice within the legal framework
   c. Strengthening the vocational training corporations
   d. Develop PPP to address these issues
   e. Integrate the private sector in the development in the vocational training programs
   f. Make vocational training socially acceptable; changing mindsets
   g. Reaching the target group through the media
   h.

2. Apply the concept rule of law on all aspects of daily life
   a. Massive Regulatory reform initiatives
   b. Educational system
   c. Curbing nepotism and patronage especially in the public sector
   d. Holding the government accountable
   e. More representative governmental bodies; elected officials etc…
   f.

3. Strengthen the system to monitor the government spending & accountability for success
   a. Good election law
   b. Establishing bodies that are not appointed by the government itself
   c. Media organizations that are not under the control of the government
   d. Strengthening the audit bureau
   e. Strengthening the lobbying
   f.

Structural changes that would be helpful to achieve this outline

- Decentralization
- Effective Political & Economic reforms – that increases the element of meritocracy

Scenario Two

SWOT—Strengths
- Non were identified

SWOT—Weaknesses
- Non were identified
SWOT—Opportunities
- Open border policy; increase the size of the Jordanian market
- Building Nuclear power stations & Renewable power

SWOT—Threats
- Nuclear power stations

Possible Goals
- Motivate DDI (Direct Domestic Investment)

Top three goals
- Non were identified

Key areas where action needs to be taken for each
Structural changes that would be helpful to achieve this outline

Scenario Three

SWOT—Strengths
- Non were identified

SWOT—Weaknesses
- Non were identified

SWOT—Opportunities
- Supporting the Aid organizations

SWOT—Threats
- Increased public unrest
- Unemployment and poverty
- No funding for research

Possible Goals
1. Mitigate above threats
2. Motivate DDI
Session 3

Scenario One

SWOT—Strengths
- Ability to predict new business cycle
- Jordanian workforce in the gulf as a strong provider of remittance

SWOT—Weaknesses
- Absence of strategic planning
- Inability to predict the region
- Absence of credit and banking facilities that help businesses
- Internal and external debts affecting the market
- Financial assistance to enterprises
- Lack of communication between private sector and the government
- Lack of social economic dialogue
- Lack of fiscal, monetary and government policies in Jordan
- Lack of effective implementation of the National Agenda
- Lack of national agencies that act as medium between both sectors, and carry out follow up.
- Develop consensus that includes diverse specialists feeding into policies and decision making
- The way national agencies liaise to achieve objectives as they overlap
- Jordanian workforce in the gulf
- Jordanian expats in the Gulf are unemployed as a result of recession increasing rates of unemployment
- Affects of implementation policies on employment
- Inefficiency and long duration of litigation procedures that affects investment and the economic situation in general
- Lack of judiciary reforms that improves the legal standings
- Concentration of policies that did not take into account SME’s motivating them
- Lack of national consensus on a macro-economic model

SWOT—Opportunities
- Privatization
- Highly educated business people with the right skills to access different markets
- A&E firms working in closed markets that started opening up
- Freedom of business
- Access to international markets
- Advanced infrastructure, banking etc
• Political and economic stability on a national level

**SWOT—Threats**

• Palestinian Israeli conflict continues to be a destabilizing factor
• Shortages of water
• Fluctuating external factors e.g. oil and other commodities
• Government control of commodities
• Spill over of immigrants into the country
• Iran is NOT a direct threat but continues to make the region unstable
• World recession affecting investments – mainly developers (real estate) which stopped projects
• Serious affects on the A&E sectors
• Companies trying to re-locate

**Possible Goals**

1. To enhance the competitiveness of trade (1)
2. Enabling the A&E and other sectors to export services (2)
3. For A&E sector to be able to work on multinational projects and be recognized internationally and work in alliances (1)
4. Helping companies facing financial difficulties (1)
5. To provide linkage and support service packages (1)
6. To increase work opportunities
7. Lowering tax burdens on businesses(1)
8. To encourage SME’s and handicrafts to access foreign markets (2)
9. To enhance social reform by fighting the culture of shame which is causing Jordan to bring in foreign laborers to take present jobs (1)
10. Encourage real PPP
11. To ensure that A&E sector participates in negotiations for trade agreements (1)
12. To enhance vocational and educational systems in Jordan to meet market needs in all levels (1)

**Top three goals**

1. To enhance the competitiveness of trade (1)
2. Enabling the A&E and other sectors to export services (2)
3. To encourage SME’s and handicrafts to access foreign markets (2)

Key areas where action needs to be taken for each

1. To enhance the competitiveness of trade (1)
   a) Reduction of production cost
   b) Reduce taxation
c) Enhance products quality to meet international market standards
d) Provide technical and financial support to enterprises
e) Enhance work skills to meet market needs

2. Enabling the A&E and other sectors to export services (2)
   a) Introduce international standards into the educational system
   b) Enhancing the capabilities of vocational training centers
   c) Create policies to encourage skilled labor

3. To encourage SME’s and handicrafts to access foreign markets (2)
   (Not completed)

Structural changes that would be helpful to achieve this outline
(Not completed)
Scenario Two

SWOT—Strengths
- Geographical location of Jordan

SWOT—Weaknesses
- None were identified

SWOT—Opportunities
- None were identified

SWOT—Threats
- None were identified

Possible Goals
- None were identified

Top three goals
Key areas where action needs to be taken for each
Structural changes that would be helpful to achieve this outline

Scenario Three

SWOT—Strengths
- Increase on demand due to refugees during wars in the region

SWOT—Weaknesses
- Social incohesion due to economic and political issues

SWOT—Opportunities
- None were identified

SWOT—Threats
- External debt increases – exchange rate becomes more unfavorable
- G20 countries not in agreement
- Energy prices continue to be a threat affecting Jordan products
- Decline of exports
- Expectations of poor security conditions in the region affecting investments
- A&E sector projects stop during wars
- Expanding gap between wages and prices
• Declining FDI
• Geographic location and geopolitical environ
• Inflation rate increasing

Session 4

Scenario One

SWOT—Strengths
- Industry sector 24.4% of Jordanian GDP
- Globalised economy (wide spectrum within the Market)
- Proper integration of the Jordanian economy within the region
- Entrepreneurial spirit of Jordanian Private sector
- Quality products
- Jordan is a secure/safe country
- High value industries such as Pharmaceuticals & IT
- Export orientation of Jordanian industries
- Low wages
- Tax exemptions for certain projects

SWOT—Weaknesses
- Low diversification of industrial products in Jordan
- High production costs (due to cost of energy)
- Scarcity of Natural resources
- Shortage of unskilled labor
- Lack of skilled labor
- Shortage on manpower
- Small market
- Low R&D of products
- Not able to penetrate external markets
- Lack of fund and financial facilities
- Modernization of legislation
- High cost of capital and funding
- No clear industrial policy and framework in Jordan
- Lack of technology
- Absence of long term policy to support R&D

SWOT—Opportunities
- Significant amount of FTAs
- Manufacturing & targeting Iraq (Short & Medium term)
SWOT—Threats

- Certain FTAs lead to increased competition from abroad
- Unfair competition
- Free trade agreements signed by neighboring countries
- Economic and political instability in the region
- Labor unions
- Lack of institution work and government plans in the country
- Manufacturing & targeting Iraq (long term)

Possible Goals

1. Lower production cost
2. Increase the export orientation (3)
3. 33% of the GDP (2)
4. Enhancing the competitiveness of the industrial sector (8)
5. Reduce the deficit of the balance of trade by 20% (3)
6. Improve quality (2)
7. Enhance technology and R&D (4)
8. Increase national value added industrial component products (6)
9. Creation of additional jobs (1)

Top three goals

1. Enhancing the competitiveness of the industrial sector (8)
2. Increase national value added industrial component products (6)
3. Increase the export orientation (3)

Key areas where action needs to be taken for each

1. Enhancing the competitiveness of the industrial sector (8)
   a. Reducing the production cost
   b. Enhancing quality
   c. Stable medium & long term industrial policy
   d. Improving the level of technical and managerial of management
   e. Training the manpower
   f. Conducive financing tools
2. Increase national value added industrial component products (6)
   a. Invest in R&D
   b. Invest in Innovation and invention
   c. Direct foreign investment to high value industries
   d. Establishment of industrial clusters
      i. Fully integrated industrial base
      ii. Forward backward linkages
   e. Invest in HR
3. Increase the export orientation (3)
   a. Establish export consortiums (houses)
   b. Increase the participation
   c. International exposure
   d. Increasing national compliance with international standards
   e. Provision of export incentives
   f. Signing additional FTAs
   g. Export guarantees and financial tools
   h. Adoption of promotional marketing strategies

Structural changes that would be helpful to achieve this outline
- Government Reform
- Availability of resources
- Government financial support
- Modernization/upgrade of legislation regarding business

Scenario Two

SWOT—Strengths
- Cheaper energy
- Significant investment in R&D and innovation
- Effective Arab Common Market
- Availability of trained manpower
- Discovering Petrol
- Benefiting from renewable energy sources

SWOT—Weaknesses
- Non were identified

SWOT—Opportunities
- Access to non-traditional markets e.g. Africa, East Asia

SWOT—Threats
- Non were identified

Possible Goals
1. Be the leader economy in the middle east (1)
2. Increase growth and GNP by 7% (Real terms) (1)
3. Increase GDP contribution to 33% (6)
4. Generation of jobs (15,000 per year) (11)
5. Increased level of productivity within the sector (1)
6. Create a more competitive market (1)
7. Enhance and supporting the private sector organizations & Achieve real partnerships (between public and private sector) (2) -5
8. Improve the educational system in Jordan (2)-4
9.

Top three goals
1. Generation of jobs (15,000 per year) (11)
2. Increase GDP contribution to 33% (6)
3. Enhance and supporting the private sector organizations & Achieve real partnerships (between public and private sector)

Key areas where action needs to be taken for each
1. Generation of jobs (15,000 per year) (11)
   a. Investment incentives
   b. Attracting FDI
   c. Attracting DDI
   d. Industrial development programs
   e. Encourage labor incentive industries
   f. Reforming the tariff and tax structure
   g. Restructuring Wages and salary
   h. Export development program
2. Increase GDP contribution to 33% (6)
   a. Industrial development
   b. Export development
   c. Attracting FDI & DDI
   d. Developing value added products & Focusing on value added industries
   e. Concentrate on high tech industries
   f. Focusing on R&D and innovation
3. Enhance and supporting the private sector organizations & Achieve real partnerships (between public and private sector)
   a. Developing a structural legislation
   b. Improve and upgrade the role of the chamber of industry
   c. Government more attentive
   d. Increase engagement of private sector in policy making
   e. Adopt laws which control and encourage the partnership
   f. Empower the social and economic council

Structural changes that would be helpful to achieve this outline

Scenario Three

SWOT—Strengths
- Homogeneous Community
- Social stability
SWOT—Weaknesses
- Continuous increase of energy prices
- Low FDI
- Low R&D

SWOT—Opportunities
- Strengthen infrastructure like water supplied to accommodate greater population

SWOT—Threats
- Strengthen infrastructure like water supplied to accommodate greater population

Possible Goals
1. Establish the acceptance of the local product in the local market
2. Diversify market and products
3. Develop & plan downsizing scenarios for the industry
4. Coordination within the sector
5. Mergers between companies using the investment laws
6. Activate the anti-dumping legislation and safe-guards
7. Enhance the standards and methodologies to act as a safe-guard
8. Encourage subcontracting
9. Technology transfer and joint ventures

Top three goals
1. Activate the anti-dumping legislation and safe-guards
2. Mergers between companies using the investment laws
3. Diversify market and products

Key areas where action needs to be taken for each
1. Activate the anti-dumping legislation and safe-guards
   a. Enhance the capability of the implementing team
   b. Increase the awareness of the industrial sector about the laws
2. Mergers between companies using the investment laws
   a. Using incentives
3. Diversify market and products
   a. Export strategy
   b. Export development funds
   c. New product development – R&D
   d. Market research
   e. International and regional Networking
   f. Enhancing the existence of commercial centers
   g. Well studies & analyzed FTAs
Structural changes that would be helpful to achieve this outline

Most likely scenario

**Scenario One (3)**

**Scenario Two (2)**

**Scenario Three (3)**

Other observations
- Benchmarks with other economies

### Session 5

#### Scenario One

**SWOT—Strengths**
- Soundness of banking system in Jordan
- Monetary policy
- Many qualified people on the Market compared to the region
- Jordanian banks follow international standards and is a well regulated system
- High percentage in foreign ownership in banks (60%)

**SWOT—Weaknesses**
- Underdeveloped financial sector
- Fiscal policy
- Too many small banks for the market – affecting overall quality of banking services
- Jordanian banks less efficient on average compared to the region (high spread creating a high cost of lending)
- The credit process of lending to SMEs
- Lack of organization on the SME side as well in terms of lending
- No microfinance
- Qualified people leave to other countries to find better opportunities
- Shallow bond market
- Lack of credit bureaus and efficiently applied credit scoring system
- High percentage in foreign ownership in banks (60%)
- Lack of specialized judiciary system

**SWOT—Opportunities**
- Microfinance and SMEs
- Jordan involved in mega projects
- Increase Mergers and acquisitions in the country
- Deepening the financial market in Jordan- creating new tools for lending
- better coordination between financial institutions
- new financial products
- financial lease
• Results of G20 talks

**SWOT—Threats**

• International banking crisis spreads
• Results of G20 talks
• Further depreciation of the US Dollar

Possible Goals

2. To be a catalyst for economic growth (1)
3. Banks more dependent on fee income – Diversify income sources (1)
4. To have Jordanian banks function to the regional and international standards()
5. Increase the market share for the region (1)
6. To be a host for regional investment- regional hub for financial services()
7. *Increase range of financial instruments available – beyond banking* (3)
8. *Better public image* (2)

Top three goals

2. Increase range of financial instruments available – beyond banking (3)
3. Better public image (2)

Key areas where action needs to be taken for each

   a. Follow international standards and best practices
   b. Create credit bureaus
   c. Reliance on scoring
   d. Educating the sector on tools to be used to manage risk
   e. Have qualified people for risk management
   f. Better education in universities
   g. Following corporate governance
   h.

2. *Increase range of financial instruments available – beyond banking* (3)
   a. Identify needs and create products accordingly
   b. Creating the proper legal environment
   c. Market research
   d. Introduction of new products not only to the banking sector
   e. Shari’a (Islamic law) compliant products
   f.

3. *Better public image* (2)
   a. Educate the public on the importance of banks
   b. Track customer satisfaction
   c. Coordinating efforts of banks in social responsibility
d. Being more efficient
e. Develop corporate communication capacities

Structural changes that would be helpful to achieve this outline

Scenario Two (Unlikely Scenario, many of the SWOT issues would carry over)

SWOT—Strengths
• Non were identified

SWOT—Weaknesses
• Non were identified

SWOT—Opportunities
• Non were identified

SWOT—Threats
• Non were identified

Possible Goals
• Non were identified

Top three goals
• Non were identified

Key areas where action needs to be taken for each

Structural changes that would be helpful to achieve this outline

Scenario Three

SWOT—Strengths
• High spread – acts as a cushion to protect against hard times
• Banks hold non–liquid assets that can be easily liquidated
• Capital adequacy ratio is above the international standards and what is required by the central bank

SWOT—Weaknesses
• liberal immigration laws
• creating a spiral inflation due to sudden increase in demand

SWOT—Opportunities
• Non were identified
SWOT—Threats

- Increase in money transfers
- Capital Outflow

Possible Goals

1. Maintain stability of banking system by applying best practices and generating discussion within the sector (2)
2. More coordination between regulators and between regulators in the private sector (2)
3. Greater cooperation and coordination with international bodies (1)
4. Develop coordinated lending policies in the event of inflation due to the rise of deficits and the decline of the Dollar (3)
5. Improving and enhancing the environment of bond market transactions (1)

Top three goals

1. Develop coordinated lending policies in the event of inflation due to the rise of deficits and the decline of the Dollar (3)
2. Maintain stability of banking system by applying best practices and generating discussion within the sector (2)
3. More coordination between regulators and between regulators in the private sector (2)

Key areas where action needs to be taken for each

1. Develop coordinated lending policies in the event of inflation due to the rise of deficits and the decline of the Dollar (3)
   a. Improving and enhancing the environment of bond market transactions
   b. Working with organizations such as Association of Banks – Non-Governmental organizations to address policy issues
   c. 
2. Maintain stability of banking system by applying best practices and generating discussion within the sector (2)
   a. Continue to follow the regulations set by the CBJ
   b. Creating & deliver training programs
3. More coordination between regulators and between regulators and the private sector (2)
   a. Greater cooperation
   b. Creating dialogue to facilitate discussion
   c. Partnership in projects between private and public
   d. Legislation to facilitate regulators coordination between each other
Structural changes that would be helpful to achieve this outline

**Most likely scenario**
Scenario One – a little more optimistic

**Session 6**
**Scenario One**

**SWOT—Strengths**
- Many good historical sites and good site-seeing
- Safe country despite unrest in the neighboring countries
- Weather
- Diversity of the tourism products in Jordan
- Helpful people & Hospitality of Jordan & Jordanians
- Geographical location of Jordan
- Strong support from the private & public sector to support tourism
- Good cooperation between the public and private sector
- Jordan is a hub for other visitors in the region
- Uniqueness of tourist sites in Jordan unavailable anywhere else in the world
- Reasonable prices - affordable
- Value for money
- Good relation with neighboring countries
- Infrastructure

**SWOT—Weaknesses**
- Not enough classified hotel rooms
- Cost of construction is very high
- Increasing better hotels around the tourist sites such as the baptism site
- Standard of quality at the tourist sites in Jordan
- Poor coordination between the stakeholders in the industry
- Shortage of qualified service staff
- Public Transportation
- Slow to implement the strategic plan
- Cost of input is very high due to taxation; landing fees, customs duty, etc...
- Small marketing budgets

**SWOT—Opportunities**
- Papal visits increase the tourism opportunities of the outside Christian communities towards Jordan
- Petra named as one of the New Seven Wonders of the World – Dead Sea possibly named as well
- To complete the Red-Dead Channel
- Peace in the middle east may direct more tourism to Jordan
• New investments – foreign or domestic
• Renovation & Expansion of the Airport

SWOT—Threats
• Competition from neighboring countries
• Outbreak of conflict
• Water crisis

Possible Goals
1. Improve products and services in the country including maps, transport 
2. Improving HR (need at least 25,000 people in the market to sustain the sector) 
3. Improving the enabling environment including legislation and directives including taxation, restrictions, open skies policies, etc… 
4. Marketing & Promotion of Jordan 
5. Increase awareness of tourism for the local communities

To support tourism strategy currently under development to be release in Jan 2010
  a) To change the mindset of the government to think like a private company i.e. the more investment in promotion gives higher returns
  b) To lobby for a steady and stable budget for the Tourism sector
  c) Create a government/private sector committee for the implementation of the strategy

Top three goals
Key areas where action needs to be taken for each
Structural changes that would be helpful to achieve this outline

Scenario Two

SWOT—Strengths
• Developing and implementing a strategic plan

SWOT—Weaknesses
• Non were identified

SWOT—Opportunities
• Increased annual budget of the Ministry of Tourism & Jordan Tourism Board for promotion
• Increase the coordination between among countries in the region
• Opportunity for medical tourism
• Changed perception of Jordan with stabilized region
• Increased FDI

**SWOT—Threats**

• Syria as a competitor in Tourism
• Continued official concern about the safety of Jordan

**Possible Goals**

1. Increasing the number of tourists coming to Jordan – including the largest countries in Europe, Asia and the Americas
2. Increase the average length of stay in Jordan
3. Increase awareness of tourism for the local communities

**Top three goals**

1. Increasing the number of tourists coming to Jordan – including the largest countries in Europe, Asia and the Americas
2. Increase the average length of stay in Jordan
3. Increase awareness of tourism for the local communities

**Key areas where action needs to be taken for each**

1. Increasing the number of tourists coming to Jordan – including the largest countries in Europe, Asia and the Americas
   a. Attract those of Arab Origin in those countries; use Amman as a hub while visiting other countries in the region
   b. Promote Jordan as Eco-tourism destination
   c. Attract high yield tourists- MICE Tourism
   d. Attract Jordan as a boutique – high end destination
2. Increase the average length of stay in Jordan
   a. Sell /Promote the dead sea – Wellness tourism
   b. Medical Tourism
   c. Create longer package tours
   d. Create more entertainment for tourists
   e. More affordable accommodation
   f. Segment tourism, Eco tourism, culture, wellness, religious, environmental, etc…
3. Increase awareness of tourism for the local communities
   a. Projects for the underdeveloped areas to utilize less known areas in Jordan, e.g. creating models to demonstrate for others
   b. Educating local communities to communicate and deal with tourists in their area
   c. Educating locals in protecting and managing the tourist sites
   d. Work with the universities to set standards and curricula
Structural changes that would be helpful to achieve this outline

Scenario Three

SWOT—Strengths
• Non were identified

SWOT—Weaknesses
• Non were identified

SWOT—Opportunities
• Working with the government to develop contingency plans for potential crises; including work with the international media
• Lobby with the international media to change stereotyping of Jordan as a safe country in the region

SWOT—Threats
• Non were identified

Possible Goals
1. Increase domestic tourism ()
2. Diversify new products ()
3. Increase awareness of tourism for the local communities (2)
4. Education in school about Jordanian hospitality (1)
5. Establish Jordan as being distinct from the “Middle East” (4)
6. More tax exemptions from the government & Consider the tourism sector as an export industry (7)

Top three goals
1. More tax exemptions from the government & Consider the tourism sector as an export industry (7)
2. Increase awareness of tourism for the local communities (2)
3. Establish Jordan as being distinct from the “Middle East” (4)

Key areas where action needs to be taken for each
1. More tax exemptions from the government & Consider the tourism sector as an export industry (7)
   a. Develop a lobbying plan
   b. Develop Demand & elasticity analysis
c. Hire an economic consulting firm to develop an economic argument – then promote it
d. Using news media – Media Campaign
2. Increase awareness of tourism for the local communities (2)
a. Integrating the awareness campaign into the curriculum at the primary education level
b. Involving in the community in tourism and generating revenue through small businesses
c. Identify community leaders as part of the program
d. Promotional campaign for the local communities
3. Establish Jordan as being distinct from the “Middle East” (4)
a. Use the Jordan Tourism Board offices and Jordanian Embassies abroad to lobby with the local news media and the governments in those countries
b. Increase the number of press and fam trips to Jordan

Structural changes that would be helpful to achieve this outline
Most likely scenario
Session 7

Scenario One
Scenario One- Same Path Scenario

SWOT—Strengths
• Good people in management in the water and energy sector
• Strong political will
• Political stability in Jordan
• Transparency, attractive to investors
• Regional hub for gas & energy
• Highest percentage of efficiency in the irrigation sector, highest percentage in the world
• Percentage of collection of water through the dams 8.5 b cubic metres/year – highest percentage in the world
• Donor community puts Jordanian water sector in a high priority position
• Open economy
• Source of renewable energy
• Clear and solid strategy for energy sector
• Centralized water decisions in the water sector under the umbrella of the ministry of water & irrigation minimizes conflict
SWOT—Weaknesses

- Lack of human resources
- Israel & Syria: two agreements with these countries related to water are not implemented as per agreement
- Sharing of Red Sea – challenges in regional neighbours
- Need to upgrade level of providing service to customers for water – this includes water rationing due to lack of resources
- Reliance on donor agencies
- Lack of conventional natural resources
- Intensity of consumption of energy is very high
- High costs of water projects and energy projects
- Allocation of water among users whether for irrigation, tourism or domestic purposes is influenced by politics
- Lack of legislation to enforce green designs (energy & water) especially for green buildings
- Structure of water tariffs
- Minimum level of awareness and cooperation regarding energy & water efficiency & conservation
- Costs of energy reach 22% of GDP, is a big burden on a small country like Jordan
- High percentage of new water especially in domestic use
- All traditional resources are developed – so non traditional resources need to be developed such as desalination
- Existing water tariff a threat to water sector

SWOT—Opportunities

- Close to oil producing countries
- Huge reserves of oil shale
- Red-Dead & Disi Projects
- Higher level of customer satisfaction
- Nuclear energy project

SWOT—Threats

- Dependence on oil producing countries
- Political unrest leads to influx of people from other countries which puts a strain on the country’s limited resources
- Politics a major factor regarding regional agreements with water
- Financial situation not very favorable – lack of funds
Possible Goals
1. Meet energy and water demands to avoid any deficits
2. Diversify energy and water resources: Look for new water and energy supplies
3. Improve energy & water efficiency and conservation and try to manage the demand
4. Make business environment favorable for the private sector
5. Achievement of the restructuring energy and water sector by opening up the sectors, especially the downstream sectors

Top three goals
1. Meet energy and water demands to avoid any deficits
2. Improve energy & water efficiency and conservation and try to manage the demand
3. Make business environment favorable for the private sector

Key areas where action needs to be taken for each
1. Meet energy and water demands to avoid any deficits
   a) Water demand management programs
   b) Legislation
   c) Looking for new resources
   d) Building new infrastructure
   e) Non conventional methods of using water and energy (e.g water harvesting and extracting oil shale)

2. Improve energy & water efficiency and conservation and try to manage the demand
   a) Implementing awareness programs
   b) Establishing energy fund to support energy conservation through legislation
   c) Developing and applying codes and standards to ensure that water and energy are used in an efficient way
   d) Tax incentives

3. Make business environment favorable for the private sector
   a) Institutional reform – regulation of sectors
   b) Legislation regarding tax incentives

Structural changes that would be helpful to achieve this outline
- Privatization of some of the service providers
- Enhancing training and awareness programs

Scenario Two – optimistic scenario

SWOT—Strengths

- Government reform programs are completed
- Achieving breakthrough in oil shale technology can make Jordan an oil shale producing country
- Red-Dead project is complete- Jordan has 850 million cubic meters of water per year which will reduce Jordan’s water and energy shortages
- Nuclear energy project will satisfy local demand for energy
- Generating energy through renewable energy techniques and projects
- High level of awareness reduces energy consumption

SWOT—Weaknesses

- None were identified

SWOT—Opportunities

- Settling the Israeli/Palestinian issue will improve cooperation at the regional level
- Refugees will return to Palestine/Iraq, this will put less strain on water and more resources can be available

SWOT—Threats

- None were identified

Possible Goals

- None were identified

Top three goals

- None were identified

Key areas where action needs to be taken for each

Structural changes that would be helpful to achieve this outline

Scenario Three

SWOT—Strengths

- None were identified

SWOT—Weaknesses

- None were identified
SWOT—Opportunities
- Put aside reserves

SWOT—Threats
- Political unrest in the region
- Higher volatility of energy prices

Possible Goals
1. Develop energy and water reserves
2. Review and develop contingency plans to secure reserves in times of crisis

Session 8
Scenario One – Status Quo scenario

SWOT—Strengths
- Human capital
- Large number of job applicants, including women
- There are lots of strategies planned and in place
- Good infrastructure – can be even more developed
- Lots of international collaborations & partnerships when it comes to training for workers
- Lots of focus on educational reform, since 2000
- Strong NGO involvement in all sectors, especially education & training sector, serve effectively as bridge between public and private sector
- FDI in capital and expertise
- Good k-12 system
- Good progress on MDG goals for education
- Very strong political will on education reform
- Stable curriculums
- High ratio of number of schools to citizens
- Her Majesty’s office a major catalyst to get all NGOs to work together
- Training & education system does not only cater to Jordanians but people of other nationalities as well from other countries in the region

SWOT—Weaknesses
- No capital except human capital
- Need to be more innovative in education & training issues
- Government becoming too reliant on private sector donations in order to enhance educational & training reform, this is not sustainable
- Lots of reform efforts in k-12, but not higher education
- Lack of proper databases in showing details of workforce
- Culture of shame when it comes to vocational work
• Lack of males in teaching professions so a lot of schools do not have enough teachers, especially in secondary education
• Perception that private sector does not provide long term security for workers and lack of accountability
• Lack of involvement of private sector in reform and strategies, not enough PPPS – need to get involved at a higher level
• Limited job opportunities for new graduates
• Limited productivity of workers
• No matching of skills with job opportunities
• Limited return on investment in education – people are educated but do not give back to economy by working
• Budgeting for education is low
• Big number of government and public sector employees – not matching strategic need
• Limited participation and collaboration on strategic issues and planning in the sector
• Drop-out rates between 8th and 10th grades are increasing – reason unknown
• Lack of or limited follow-up on results of international studies or evaluations
• Performance of female students generally better than male students, even though they receive the exact same education
• Losing skilled professional to foreign markets – brain drain
• High cost of tertiary education
• Hierarchy of vocational training – middle management is weak
• Difficulty developing a shared vision – some key NGOs and other participants not involved in councils or strategic planning

**SWOT—Opportunities**

• Lots of focus on educational reform
• More PPPs
• More engagement of private sector in policy implementation
• Need to develop governance model, monitoring & evaluation processes
• Develop plan that includes clear roles for private and public sector
• Vocational training programs need to be internationally accredited and up to international standards

**SWOT—Threats**

• Too vulnerable to global politics
• Countries around the region outpace Jordan

**Possible Goals**

1. Building capacities for MoE and VTC (Vocational Training Corporation) and Ministry of Higher Education in order to institutionalize PPP models
2. Attract good caliber teachers, especially males – increase income and raise accountability. Build their capacity through providing pre-service training and ongoing professional development

3. Lower unemployment through better match up of education and training to employment opportunities – need to graduate people with updated skills

4. Provide proper education and knowledge economy skills to Jordanians so that they are competitive in local and international markets

Top three goals

1. Building capacities for MoE and VTC (Vocational Training Corporation) and Ministry of Higher Education in order to institutionalize PPP models
   a) Revise the inflexible rules and regulations that govern public schools in specific – facing challenges in engaging public schools within PPPs
   b) Start awareness campaigns for private sector to engage them more
   c) Supervisors within directorates, principals, school teachers need to be involved in strategic planning – using models that exist (Madrasati or JEI models)
   d) Build capacity of MoE staff and private sector in building on strong Jordanian models together and/or adapting them and localizing models
   e) Engagement of private sector in policy making, implementation and monitoring and evaluation

2. Attract good caliber teachers, especially males – increase income and raise accountability.
   a) Build their capacity through providing pre-service training and ongoing professional development
   b) Find funding for salaries and training
   c) Not just about salary – teachers need a better support system
   d) Renovate and fix living quarters and accommodation facilities for teachers (by the Ministry of Education in collaboration with MoHE and Civil Service)
   e) Ongoing training for teachers (long-life learning)
   f) Build a profile of competencies for teachers, will help in updating their skills

3. Lower unemployment through better match up of education and training to employment opportunities – need to graduate people with updated skills
   a) Need to access updated information on supply and demand of labor market currently being developed by Ministry of Labor
   b) Conduct studies and tracer studies on labor market
c) Demand-driven vocational training – need to engage people from the industry and ask them what skills and competencies they require in their employees. Training providers build their curriculum based on these requirements.

d) Training & employment project in Ministry of Education: job-matching training. (this already exists).

4. Provide proper education and knowledge economy skills to Jordanians so that they are competitive in local and international markets
   a) Integrate soft skills with vocational training and in all educational issues
   b) Employability skills: Jordanian workers lack these skills (such as attitude to employment and work ethics)
   c) Five components of training according to Canadian experience:
      ToT, communication, English language, health and safety, teamwork
   d) Policy makers have to encourage teachers to focus during class on importance of life-long learning, communication skills and how to utilize science and knowledge in real life situations

Key areas where action needs to be taken for each

Structural changes that would be helpful to achieve this outline

- Benchmarking – compare Jordanian experience with those of other countries in similar situations
- Harmonization of national efforts

Scenario Two – positive scenario

SWOT—Strengths
- Good solid infrastructure exists within Jordan

SWOT—Weaknesses
- Non were identified

SWOT—Opportunities
  - Bridge gap between public and private schooling system
  - Create global citizens – good education is key
  - Harmonize and integrate efforts by public sector and NGOs- not currently happening
  - Learn from best practice models
SWOT—Threats
- Non were identified

Possible Goals
- Non were identified

Top three goals
- Non were identified

Key areas where action needs to be taken for each
Structural changes that would be helpful to achieve this outline

Scenario Three – pessimistic scenario

SWOT—Strengths
- Non were identified

SWOT—Weaknesses
- Non were identified

SWOT—Opportunities
- Mega projects need specialized labor
- Must start thinking outside the box – we are too restricted by legislations and we need to change them, many of them are outdated.
- Increase capacities to integrate refugees. Instead of burdening government schools we need to outsource this to private schools and perhaps give them incentive by providing subsidies

SWOT—Threats
- Too affected by political and social global issues
6.3 Initial Session Participants

We were fortunate that many people gave generously of their time to help refine our work.

Alphabetically by last name:

Mr. Khalil Al Alami  
YEA Board Member  
Chief Executive Officer  
International Cards Company

H.E. Amer Al Hadidi  
Minister of Industry and Trade

Mr. Nour A. Al Hmoud  
Investment Promotion Department  
Jordan Investment Board

H.E. Bassem Khalil Al-Salem  
Minister of Finance

Mr. Suliman A. Al Shafie  
A&E Business Council Board Member  
Managing partner  
Dar Al-Omran

Ms. Reem Badran  
Board Member  
Chamber of Commerce  
and Chief Executive Officer  
Kuwaiti Jordanian Holding Co.

Mr. Haif Bannayan  
Chief Executive Officer  
Jordan Education Initiative Initiative

Ms. Samar Haj Hasan  
Managing Partner and Chief Consultant  
Board Member at the Young Entrepreneurs Association

Dr. Adli Kandah  
Director General  
Association of Banks in Jordan

Mr. Karim Kawar  
Chairman  
EDAMA Council and  
President, Kawar Group

Mr. Fayiz F. Khouri  
Deputy Managing Director  
Jordan Tourism Board
Arch. Samar Kilani  
Executive Manager  
Architects and Engineers Business Council  

Dr. Maen Nsour  
Chief Executive Officer  
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Mr. Ziad Obeidat  
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Dr. Hanan Sboul  
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H.E. Kholoud Saqqaf  
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H.E. Faris Sharaf  
Chairman and Chief Executive Officer  
The Investment Unit  
Social Security Corporation  

Mr. Anas Sinno  
Chairperson of the A&E Business Council  
Managing Partner  
Dar Al-Omran
6.4 Methodology

In Phase 1 of this project, potential scenarios were developed for Jordan’s future (as described in the Introduction section). These were based on both primary and secondary research, and discussion with Jordanian stakeholders.

Phase 2 took each of the scenarios developed in Phase 1 and applied a classic strategic planning methodology to each scenario in order to develop “contingency” plans should the potential scenario become reality. This was done with 8 different focus groups, with each session lasting 3 hours and each group comprised of leading individuals from different sectors of the Jordanian economy.

Each focus group identified the strengths, weaknesses, opportunities, and threats for their sector in Jordan for each scenario. They then enumerated a list of goals they should be working towards to overcome the challenges faced in each scenario, and prioritized the goals until they reached a top 3 for their sector. Groups were asked to discuss the scenarios and identify which scenario they felt was most likely to occur in the future. Given the time constraints on the project, unfortunately not all groups made it through the entire planning process, however all thoughts and ideas have been captured in the individual reports listed in Annex 6.2.

Follow-on steps to complete the plans are detailed in Section 4: Recommendations. They involve the development and implementation of plans to achieve the three main goals that emerged across sectors (and for all three scenarios): education reform, increased public-private partnerships, and increased foreign direct investment.