

Jordan Rises as the Most Favorable Outsourcing Destination

Challenges:

Jordan faces two interwoven challenges to reducing its high level of unemployment: allocating scarce resources to promote promising economic sectors where growth will yield more jobs; and choosing sectors where the growth will create jobs that job seekers, especially “fresh graduates” will accept.

One sector identified as promising on both counts is processing outsourcing and shared services (commonly abbreviated as BPO). The USAID Jordan Economic Development Program (SABEQ), supporting a taskforce created by His Majesty King Abdullah II, carried out a diagnostic of the sector and developed a strategy to address constraints to developing the sector that were identified: work-force capacity, business infrastructure and telecommunications reliability, regulatory framework and competition.

Initiatives:

To address these constraints, the USAID program, working with Government counterparts and business associations developed a complete sector strategy and has been steadily implementing it. The strategy includes identifying niche sectors for growth, increasing the pool of quality labor, improving the legal and regulatory frameworks, enhancing and developing BPO free zones, building telecom reliability and controlling costs, as well as increasing industry specialization. The strategy also includes a market promotion action plan.

Results:

Even at the early implementation stages, the results have been remarkable:

- There are 4 companies specializing in outsourced services today, growing from 1 in 2005
- 800 people are employed directly in the sector and 1,600 indirectly, up from 200.
- The firms have 2 major regional contracts and 3 international ones
- The sector has launched a “Turn to Jordan” brand.

The value of this hard work is evident in the increase in ranking on the A.T Kearney Outsourcing Destinations Rankings for 2009. In 2005, Jordan was not even included as an outsourcing destination, and in 2007 it was ranked 14th; and in 2009 the ranking improved to 9th in the world.

The USAID program work will continue and will concentrate on identifying possible service offerings that play to Jordan’s competitive advantages (e.g. banking services, architectural and engineering services, etc.) as well as building the workforce, infrastructure, and regulatory incentives.