

SME DEVELOPMENT IN JORDAN



SME's Definition and Features

- All over the world, there is growing evidence that SME's play an important role in the national economic development of any country.
- SME's provide the majority of new jobs and produce much of the creativity and innovation that fuels economic progress.
- SME's represent (99%) of all employers and (52%) of the private work force and provide virtually all the net new jobs and provide (51%) of private sector output and (96%) of all export of goods.

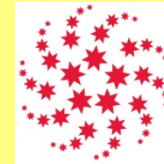
SME's in Jordan

- In Jordan, the economy depends almost entirely on small and medium-sized companies to drive its economy.
- About (98%) of all businesses in Jordan are classified as SME's, two third of which have less than (19) employees.
- To face the ever-growing competition, Jordanian SME's are working rigorously to modernize their technologies and improve their competitiveness. The availability of funds from the government and other donors has also encouraged SME's to undertake these modernization activities.

SME's Classifications in Jordan

Ministry of Industry and Trade classify SME's based on the number of employees and the paid capital investment as summarized in the following table

Classification	Capital Investment (JD)	No. of Employees
Micro	Less than 30,000	1-9
Small	30,000	10-49
Medium	30,000	50-249
Large	30,000	250 and above



JEDCO

المؤسسة الأردنية لتطوير المشاريع الاقتصادية
Jordan Enterprise Development Corporation

SME's Main Challenges in Jordan

Challenges:

- ❑ Liberalization of the market.
- ❑ Competition from local and external suppliers.
- ❑ Meeting the requirement of export markets. (Specification of the products, rules of origin,)
- ❑ Deploying new technologies.
- ❑ Employing skilled labors.

SME's Main Problems in Jordan

Problems:

- ❑ Access to new markets.
- ❑ Lack of skilled labors.
- ❑ Lack of business planning
- ❑ High competition from imported goods especially in prices.
- ❑ Financing and finding financial resources.
- ❑ Deploying new technologies.

SME's related Law and Policies

- Ministry of Industry and Trade law 18/1998
- Chamber of Industry law 10/2005
- Jordan investment board law 18/1991
- Investment law 68/2003
- **Jordan Enterprise Development Corporation law 33/2008**
- Development and employment fund law 33/1992

SME's related Public and Private Organizations in Jordan

- Ministry of Industry and Trade
- Chambers of Industry
- The National Fund for Enterprise Support (NAFES)
- **Jordan Enterprise Development Corporation (JE)**
- The USAID Jordan Economic Development Program (SABEQ)
- Business Development Center (Tatweer)
- Development and employment fund
- Jordan investment board
- Free - Zones Corporation
- Vocational Training Corporation
- Jordan industrial Estates Corporation (JIEC)
- The Jordan Loan Guarantee Corporation



National Fund for Enterprise Support (NAFES)

- NAFES is a program established jointly between government of Jordan and Japan, aimed at providing support to Small and Medium Enterprises (SMEs) by assisting in the implementation of development projects.
- Areas of support include management consulting, IT systems implementation and human resource development

Business & Export Development Project for Jordanian Enterprises (Tatweer)

- Tatweer is an economic development project funded by the United States Agency for International Development (USAID) and managed by the Jordanian non-for-profit organization, the Business Development Center (BDC).
- Tatweer's main objective is to provide financial assistance to increase the competitiveness and exports of private businesses in Jordan, targeting small and medium-sized enterprises (SMEs).



USAID Jordan Economic Development Program (SABEQ)

- The USAID Economic Development Program is funded by United States Agency for International Development (USAID) Mission to Jordan and is part of its overall economic cooperation with the Government of Jordan. The Program is a broad economic development initiative focusing on private sector led growth and is being implemented under a contract between USAID and Deloitte Consulting LLP which has engaged with a large team of international and local partner firms.



Jordan Enterprise Development Corporation

- JEDCO is overseen by a Steering Committee headed by H.E. Minister of Industry and Trade and is equally comprised of representatives from both the public and private sectors..



Vision



- Become the Organization most recognised for enhancing exports and substituting imports with equivalent or better local products and services.

Mission

- The Jordan Enterprise Development Corporation was established and mandated to support the establishment and development of enterprises to become globally competitive.



Core Values

Jordan Enterprise Development Corporation has unwavering belief that the following values are core to its existence:

- Entrepreneurship and innovation are cornerstones of National economic development.
- Jordan has the necessary capability to export globally competitive and unique products and services of substantially high quality.
- Production and export of quality products and services are the basis to sustainable enterprise development and substantial growth.
- Efficient, transparent and effective operations and established success stories lead to improved interaction with sources of support.

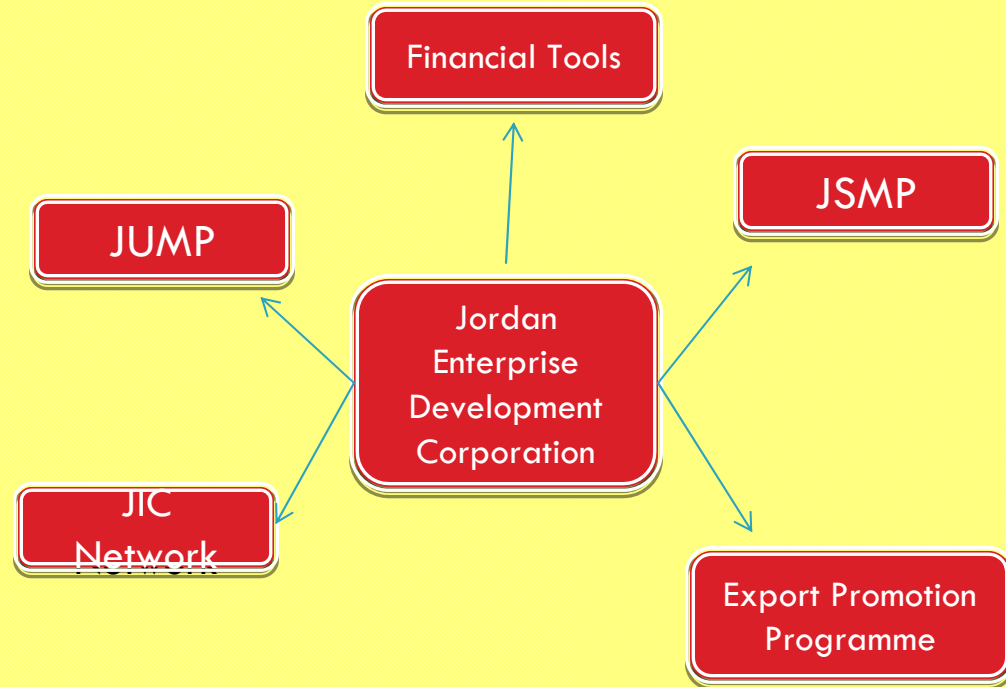
Strategic Objectives

- Enhance the competitiveness of the SME in industrial , services and agriculture sectors.
- Participate in the development of the National Export.
- Develop and support the entrepreneurship and innovation.
- Identify and manage the sources of fund.

With a clear dedication to the enhancement of the Jordanian Economy, Jordan Enterprise Development Corporation strategic values are:

JEDCO Programmes

- Jordan Upgrading and Modernisation Programme (JUMP).
- Jordan Services Modernisation Programme (JSMP).
- Export Promotion Programme.
- Entrepreneurship and innovation Program (JIC Network)
- Financial Tools



Industry Support Directorate / Jordan Upgrading and Modernisation Programme

The Directorate aims at improving and sustaining the competitiveness of Jordanian manufacturing enterprises by enhancing their managerial capabilities and productive capacities.



It provides technical assistance, training and partial grants to industry to strengthen the managerial capabilities and technological capacities of SMEs in Jordan.

Industry Support Department Objectives

Enhance productivity, improve products quality, and reduce unit cost

Enable Enterprises to face the increased competition in the domestic, regional and global markets

Increase market share and develop non-traditional export markets

Benchmark and adopt best international business practices

Develop strategic direction driven by market needs

Enhance capabilities of human resources

Substitute imported production input by local products

JUMP Financial and Technical Services Functions

Main Functions:

Full Scale Diagnostic Studies

Business Plans

National Linkages Programme

Other Functions

Energy Saving
Projects

Establishment of
Export Consortiums

Sectoral Services

Faculty for Factory

Other Initiatives and Services

Studies and Services Conducted by JUMP

Function	Total # of Companies
FSD	94
Business Plans	4
NLP	17
ESP	24
FFF	109
Export to Europe Studies + One Development Plan	8
Ceramic Studies	3
Export Consortium	2
In Process Companies	78
Sectorial/ Other Services	300
Total	639
Services offered to the above mentioned companies	1632 + 141 services in process

Impact of the Support to JUMP clients (56 Companies)

Indicator	Baseline	Actual (2008)	Increased Value	%
Total Sales (000 JD)	209,446	363,341	153,895	%73
Exports (000 JD)	72,678	156,816	84,138	%116
Gross Profit (000 JD)	41,078	64,245	23,166	%56
Net Profit before Tax (000 JD)	12,201	15,655	3,454	%28
Employees	6,257	7,325	1,068	%17

Impact on Domestic Economy

Item	Total (000 JD)
Revenue	6,139
Sales Tax	5,479
Income Tax	656
Total Support paid by JUMP	2,523
% of rate of return	2.43
	Each 1 JD support will return 2.43JD in tax

Services Support Directorate / Jordan Services Modernisation Programme

- The Jordan Services Modernisation Programme (JSMP) was established to assist the development of Jordan's services sector. Funded by the European Union and implemented by the Jordan Enterprise Development Corporation (JEDCO), the programme is designed to enhance service quality, create new domestic opportunities and help Jordanian companies expand into international markets.



JSMP Grant Schemes

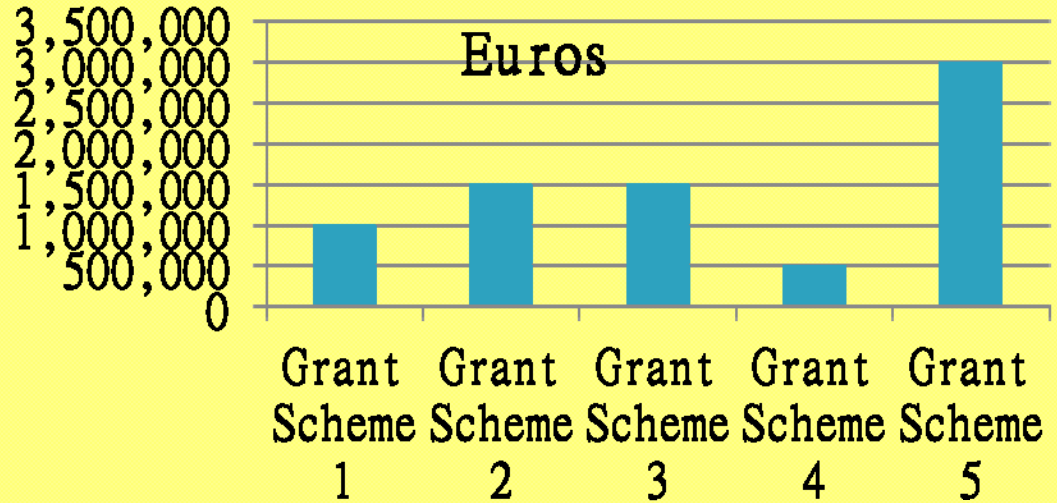
Grant Scheme 1: Participation to trade missions and trade events.

Grant Scheme 2: Support to export development.

Grant Scheme 3: Association / Federations and joint initiatives.

Grant Scheme 4: Support for certification.

Grant Scheme 5: Reinforcements and start-ups.



JSMP Quick Response and Launch

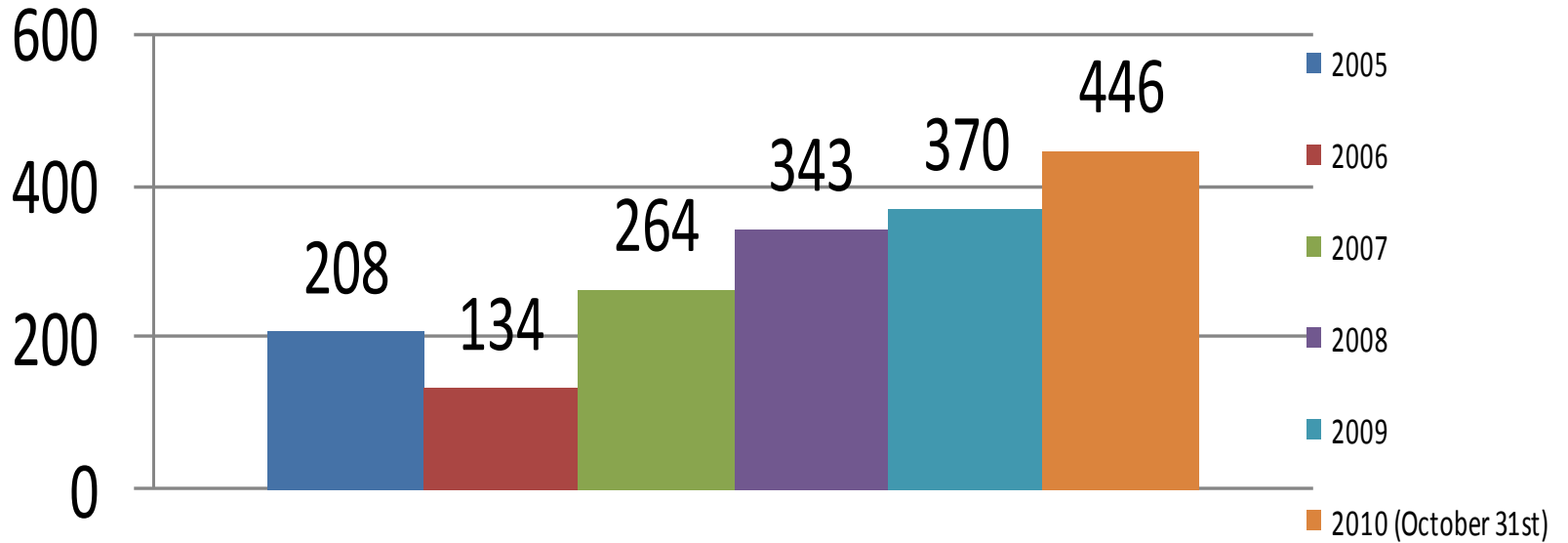
- The JSMP provided 43 grants worth of 430 thousand Euros benefiting 43 service companies and associations which applied and won the grant in a competitive mechanism. This Grant installment (Quick Response) aimed at helping those companies and associations to overcome the effects of global financial crisis affecting different services sectors. The grant also aimed at helping those companies and associations to develop its services, capacity-building and to improve the quality of its services.

Export Promotion Programme

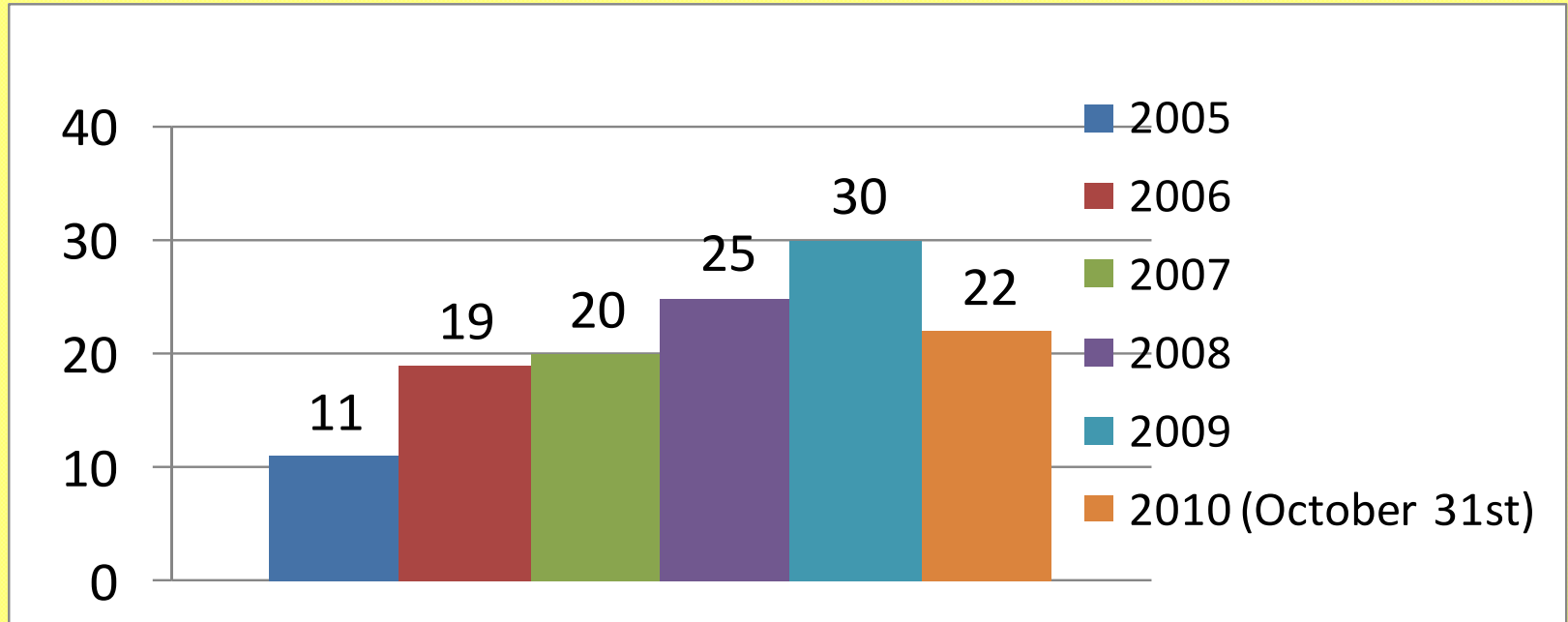
- The programme aims at promoting national exports in targeted markets through organization and participation in comprehensive and specialized trade missions and exhibitions; which are selected based on the outputs of specialised research, studies and analysis on export opportunities, market requirements and target consumer segments, in addition to the following:

- Providing studies for companies interested to enter non-traditional markets.
- Capacity building of sectorial associations/ groupings export (DMCs).
- Supporting new export sectors such as pharmaceutical products and services.

Companies Participation in Trade Fairs



Number of Fairs and Trade Missions



Entrepreneurship and Innovation Program (JIC Network)

The Incubators currently host 58 different projects in its various centres; 40 projects have graduated out of the incubators in the past four years.

- Founded in 2005 by Jordan Enterprise Development Corporation in cooperation with a number of government and private entities; the Jordan Innovation Centres Network currently has 8 centres each with a special competence such as small scale manufacturing, communications and information technologies, engineering sector. The incubators are distributed throughout the governorates of the Kingdom as follows: Two in Irbid, One in Karak, One in Jerash, and four in the capital Amman, one specially designed for women.

JIC Network provides different services for start-ups, whether in the field of financial studies, legal advice, training programs, networking services for entrepreneurs with finding sources (Angel Fund Networks), in addition to the financial support offered through the corporation estimated at 220,599 Jordanian Dinars; no of benefiting projects mounted to 18 projects.

Support to Research & Technological Development & Innovation Initiatives and Strategies in Jordan (SRTD)

- SRTD project is funded by the European Union with €4 million to help the innovation and R&D sectors of the Jordanian economy.
- The project aims at increasing Jordan's scientific and technological capacity by fostering research and innovation linked to private sector and by accelerating the Kingdom's integration into the European Research Area.

Jordan Enterprise Development Corporation is working in collaboration with the project to provide 30 grants for Start-Ups of a total amount of 443.000 Euros, at a share of 143.113 Euros.

Venture Capital Fund

Since the approval of the Cabinet on establishing Two Funds for Venture Capital and Investment as a joint venture between the Jordanian Government represented by Jordan Enterprise Development Corporation and the European Investment Bank, JEDCO has started with designing the project procedures according to the best international practices.

- Early Stage Fund: Specially designed for investments in Start-Ups at the size of 5 Million Euros. Contribution for both the Government and the EIB is to One and a half Million Euros and constituting to 60% of the minimum size of the fund.
- Capital for Growth Fund: Designed for investing in already existing projects at the size of 20 Million Euros; the government's contribution is of 2 million Euros and the EIB of 5 Million Euros, constituting to 35% of the minimum size of the fund.

Banking Window Programme

Banking Window offers three key services for Jordanian companies looking for greater access to finance:

- Increase your company's readiness to access competitive financing through improving your company's readiness to raise financing and optimising the use of its financial resources.
- Access to competitive bank financing through helping the companies in raising term loans, new credit lines or undertaking a review of existing financing.
- Better use of and access to collateral that would result in obtaining better conditions for existing financings and accessing additional financing against the same amount of guarantees.

Loan Guarantee Scheme

- The Loan Guarantee Scheme has been established to help services-oriented SMEs access medium- and long-term loans from commercial banks as one of the facilities of the Banking Window Programme.
- This innovative, flexible and streamlined guarantee aims to assist the borrower in meeting the collateral minimum requirements requested by the banks.
- The LGS will provide a guarantee to the lending bank against the risk of repayment default of up to 70% of the outstanding loan capital, with a ceiling of Euro 75,000 (or JD equivalent).

The LGS is funded under the Jordan Services Modernisation Programme co-funded by European Union and the Government of the Hashemite Kingdom of Jordan. The funding made available under the JSMP will cover 60% of the loan amount, while the JLGC will provide an extra 10% guarantee on its own funds.

It is supervised by a committee constituted of Jordan Enterprise Development Corporation, the European Union, the Ministry of Planning and International Cooperation and the Central bank of Jordan.

Jordan Enterprise Development Corporation

Investments

Jordan Enterprise Development Corporation currently oversees different programmes and centres that aim for the over whole development of the Jordanian Economy

Garment Design and Training Services Centre (JMODA)

Technical Assistance to the Garment Design & Training Services Centre (GSC) is a three year bilateral cooperation project between Jordan and Italy financed by the Italian Ministry of Foreign Affairs. The Grant fund amounts to 3,500,000 Euros is to be utilized for providing technical assistance to small and medium enterprises (SMEs) working in the garment industry in Jordan.

Jordan Numbering Association GS1 Jordan

GS1 Jordan is the official Jordanian body to administer a global, multi-industry supply chains by uniquely identifying products, shipping units, assets, locations and services. It facilitates electronic commerce processes including full tracking and traceability.

Amman Trade Point (ATP)

ATP is part of a network of some 120 Trade Points in over 90 countries, interconnected in the Global Trade Point Network (GTPNet) in Geneva. This network facilitates communication across borders and provides easy access to a wide range of international databases on its website.



Thank You